



KADOKAWA

Fiscal Year Ended March 31, 2024

Earnings Results

May 9, 2024

KADOKAWA CORPORATION

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for the Fiscal Year Ended March 31, 2024

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**Consolidated Earnings Results
for the Fiscal Year Ended March 31, 2024**

Summary of Consolidated Earnings Results for the Fiscal Year Ended March 31, 2024

■ Consolidated Earnings Results for the Fiscal Year Ended March 31, 2024

Net sales: +1.0%, Operating profit: -28.8%

Getting off to a steady start in the first year of the Mid-term Management Plan

□ Net sales

- In Publication/IP Creation, investments in human resources bore fruit, while the number of new IPs, which are the source of the media mix, steadily increased (5,909 titles, +5.4%).
The degree of sales decline for domestic paper-based books eased. The reactionary decline from the past few years of increased demand in the US business was absorbed by growth in e-books and rights licensing sales, with sales increasing overall (+1.4%).
- In Animation, record highs were achieved due to enhancement of the lineup. Over the past five years net sales have grown at a CAGR of 15%.
KADOKAWA's presence in the global market is continuing to rise.
- In Gaming, sales have declined since FY2022 when the title *ELDEN RING* made large contributions to business results. However, *ARMORED CORE VI FIRES OF RUBICON* was a hit title that exceeded expectations especially in Japan.
- In Education/EdTech, sales increased due to an increase in the number of students (+14%), reflecting ongoing expansion in the regions served, courses and campuses.

□ Operating profit

- Operating profit declined, reflecting costs in Publication/IP Creation such as investment in human resources and investment to improve future return rates, the impact of declining sales in Gaming, and investments in IT infrastructure for Web Services.

□ Consolidated Earnings Results for the 4th Quarter (Jan.-Mar.) of the Fiscal Year Ended March 31, 2024

Net sales: +8.2%, Operating profit: -21.3%

- The Publication/IP Creation segment has recovered. Film also performed strongly. On a consolidated basis, the sales growth rate expanded and the rate of decline in profit decreased compared to the previous three quarters.

Consolidated Earnings Results for the Fiscal Year Ended March 31, 2024

(Unit: Million JPY)	Results for the fiscal year ended March 31, 2023	Results for the fiscal year ended March 31, 2024	Year-over-year (changed amount)	Jan.-Mar. 2023 Results	Jan.-Mar. 2024 Results	Year on year (changed amount)
Net sales	255,429	258,109	+1.0% (+2,679)	65,702	71,084	+8.2% (+5,381)
Operating profit	25,931	18,454	-28.8% (-7,477)	6,501	5,119	-21.3% (-1,381)
↳ Operating margin	10.2%	7.1%	-3.0pt	9.9%	7.2%	-2.7pt
Ordinary profit	26,669	20,236	-24.1% (-6,432)	5,081	6,828	+34.4% (+1,747)
Profit attributable to owners of parent	12,679	11,384	-10.2% (-1,294)	519	5,070	+876.0% (+4,551)
EBITDA	32,060	25,374	-20.9% (-6,686)	8,373	7,252	-13.4% (-1,121)

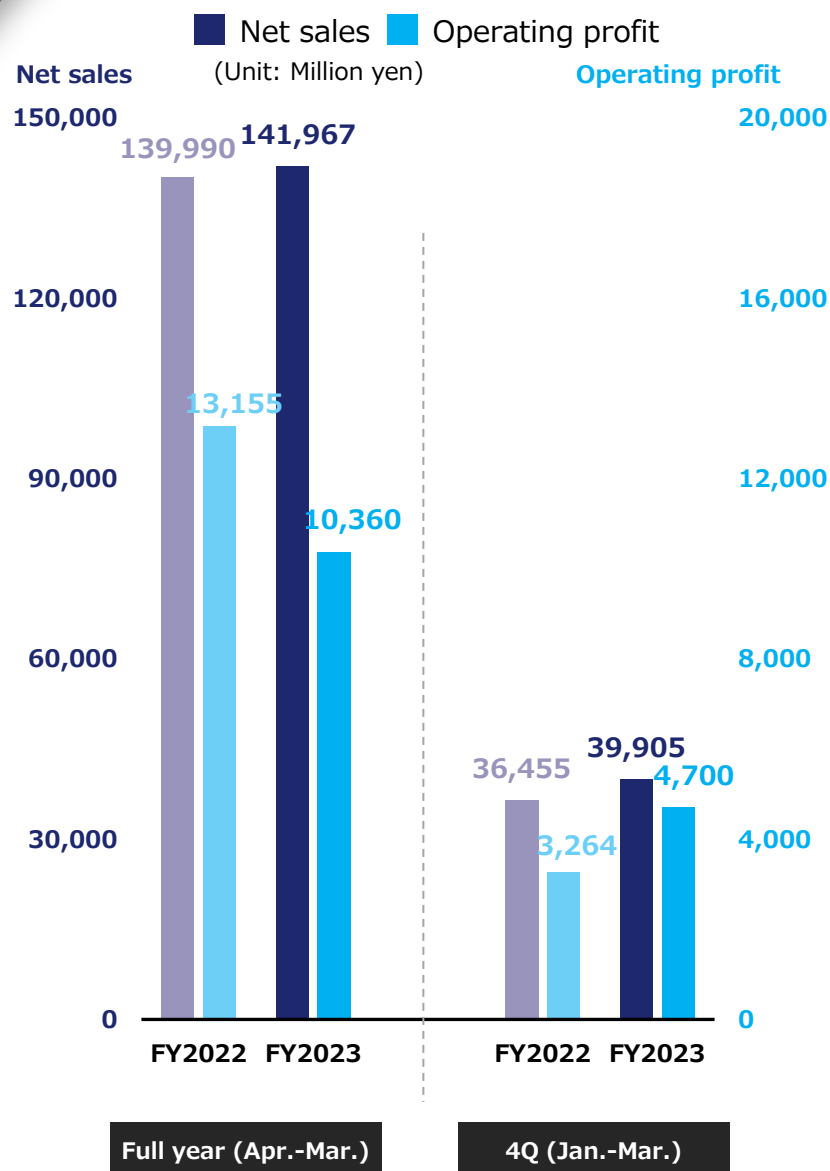
EBITDA is the total of operating profit, depreciation and amortization of goodwill.

Net Sales and Operating Profit by Business Segment

(Unit: Million JPY)		Results for the fiscal year ended March 31, 2023	Results for the fiscal year ended March 31, 2024	Year-over-year (changed amount)		Jan.-Mar. 2023 Results	Jan.-Mar. 2024 Results	Year on year (changed amount)	
Publication/ IP Creation	Net sales	139,990	141,967	+1.4%	(+1,977)	36,455	39,905	+9.5%	(+3,450)
	Operating profit	13,155	10,360	-21.3%	(-2,795)	3,264	4,700	+44.0%	(+1,436)
Animation/Film	Net sales	43,289	46,060	+6.4%	(+2,771)	12,196	13,235	+8.5%	(+1,039)
	Operating profit	2,169	4,574	+110.9%	(+2,405)	1,057	958	-9.4%	(-99)
Gaming	Net sales	30,351	25,351	-16.5%	(-4,999)	6,934	6,272	-9.5%	(-661)
	Operating profit	14,218	7,950	-44.1%	(-6,268)	5,147	1,956	-62.0%	(-3,191)
Web services	Net sales	22,063	21,399	-3.0%	(-664)	4,688	5,317	+13.4%	(+628)
	Operating profit	1,641	362	-77.9%	(-1,279)	-178	-705	-	(-526)
Education/EdTech	Net sales	12,475	13,390	+7.3%	(+915)	3,193	3,594	+12.6%	(+401)
	Operating profit	1,768	1,727	-2.4%	(-41)	96	168	+74.9%	(+72)
Others	Net sales	17,199	20,298	+18.0%	(+3,098)	4,538	5,702	+25.6%	(+1,163)
	Operating profit	-4,535	-4,399	-	(+135)	-1,739	-1,366	-	(+373)
Corporate/ Eliminations	Net sales	-9,939	-10,358	-	(-418)	-2,303	-2,943	-	(-639)
	Operating profit	-2,488	-2,120	-	(+367)	-1,145	-592	-	(+553)

*The Company changed the name of former "Publication Segment" to "Publication/IP Creation Segment", and former "Video Segment" to "Animation/Film Segment".

Business Overview – Publication/IP Creation Segment



YoY Analysis

Net sales: +1.4% / +1,977M (4Q +9.5% / +3,450M)

**Domestic paper-based books/
information media**
YoY -3.6%
Composition ratio*: 33%

International paper-based books
YoY -4.4%
Composition ratio: 10%

Rights licensing
YoY+13.4%
Composition ratio: 9%

E-books
YoY+9.4%
Composition ratio: 41%

- In domestic paper-based books, sales declined 3.6% due to a fall in sales of existing titles, but outperformed the market (-5.9%) thanks to an increase in the number of new IPs (+5.4%), price revisions, and so on.
In 4Q, sales fell 2.5% due to an ongoing decline in sales of existing titles. Sales of new titles experienced higher growth than the previous three quarters..
- Sales of international paper-based books decreased. In Asia, steady growth continued (+29.1%). In the US, sales decreased because the rebound from the rapid increase in demand in the past few years continued.
- Rights licensing sales remained strong due in part to sales for gambling machines. They also increased in 4Q by 6.0%.
- The e-book business continued to grow. Sales increased by 25% in 4Q.
 - Includes effects of one-off increases in sales and profit due to changed timing of revenue recognition for sales to domestic stores of other companies. Even when the effects are removed, sales increased by 5.8% (and by 11.5% in 4Q). On a distribution value basis, domestic sales from external stores (excluding one-off effects) were up 12.1%, and domestic sales at our own store were up 10.0%.

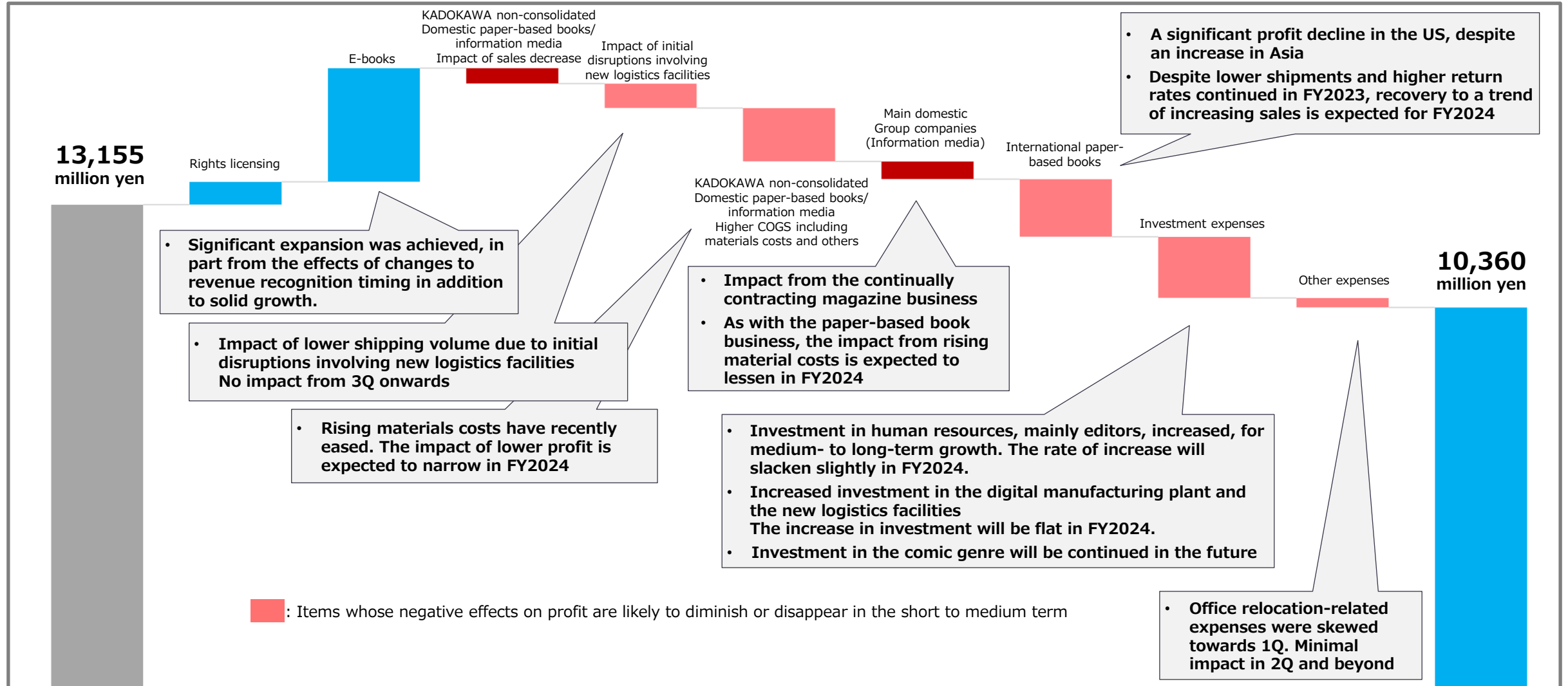
Operating profit: -21.3% / -2,795M (4Q +44.0% / +1,436M)

- Profit decreased chiefly due to rising costs and investment in human resources, as well as investments in digital manufacturing plants and new logistics facilities.

* In the breakdown of net sales by business, the composition ratio does not add up to 100% because there are functional subsidiaries, etc. in addition to the above businesses.

Business Overview – Publication/IP Creation Segment (Factors for Y/Y Operating Profit Change)

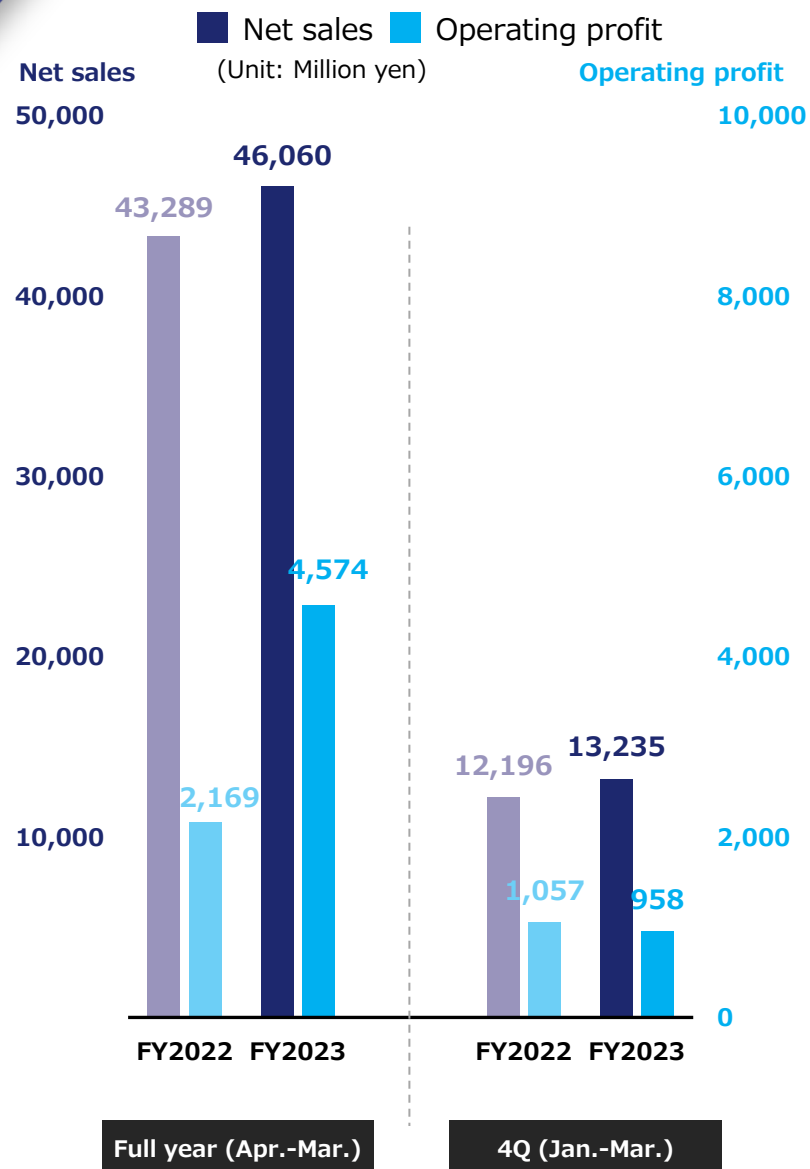
◆ Publication Segment Operating Profit: -21.3% YoY, -2,795M



FY2022 Full-year
Operating profit

FY2023 Full-year
Operating profit

Business Overview – Animation/Film Segment



YoY Analysis

Net sales: +6.4% / +2,771M (4Q +8.5% / +1,039M)

Animation

YoY+8.6%
Composition ratio: 70%

Live action films

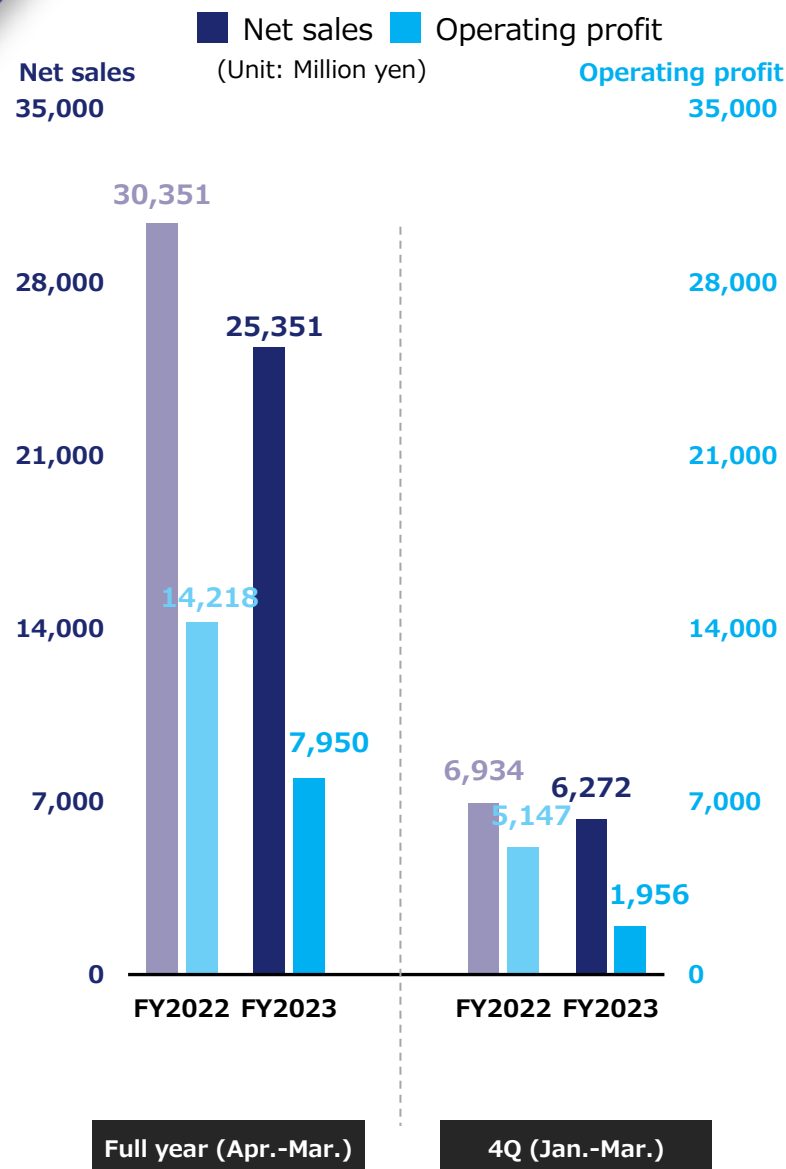
YoY+1.4%
Composition ratio: 30%

- The animation business continued to perform strongly, mainly due to rights licensing sales for games/merchandise and domestic/international streaming. Sales also increased in 4Q at a high rate of 10.5%, driven by media mix titles which are the Company's original stories, including *Delicious in Dungeon* and *Ishura* from Kaku Yomu, which is the in-house UGC platform.
- In Film, sales rose both in the full year and in 4Q. Until 3Q, *As Long as We Both Shall Live* and *KUBI* contributed to sales. Even in 4Q, film adaptations of the Company's own stories produced and distributed by the Company, including *Let's go Karaoke!* and *Matched* enjoyed success.

Operating profit: +110.9% / +2,405M (4Q -9.4% / -99M)

- Operating profit in the animation business grew, partly reflecting the contributions of the production studio, in addition to the steady growth of sales. Operating profit in 4Q declined due to sales promotions implemented in connection with titles to be aired in the future.
- In Film, profit increased both in the full year and in 4Q, mainly reflecting the impact of the reduction in depreciation in FY2023, which was a result of the recording of devaluations in FY2022, in addition to the positive impact of the contributions of the above titles on sales.

Business Overview – Gaming Segment



YoY Analysis

Net sales: -16.5% / -4,999M (4Q -9.5% / -661M)

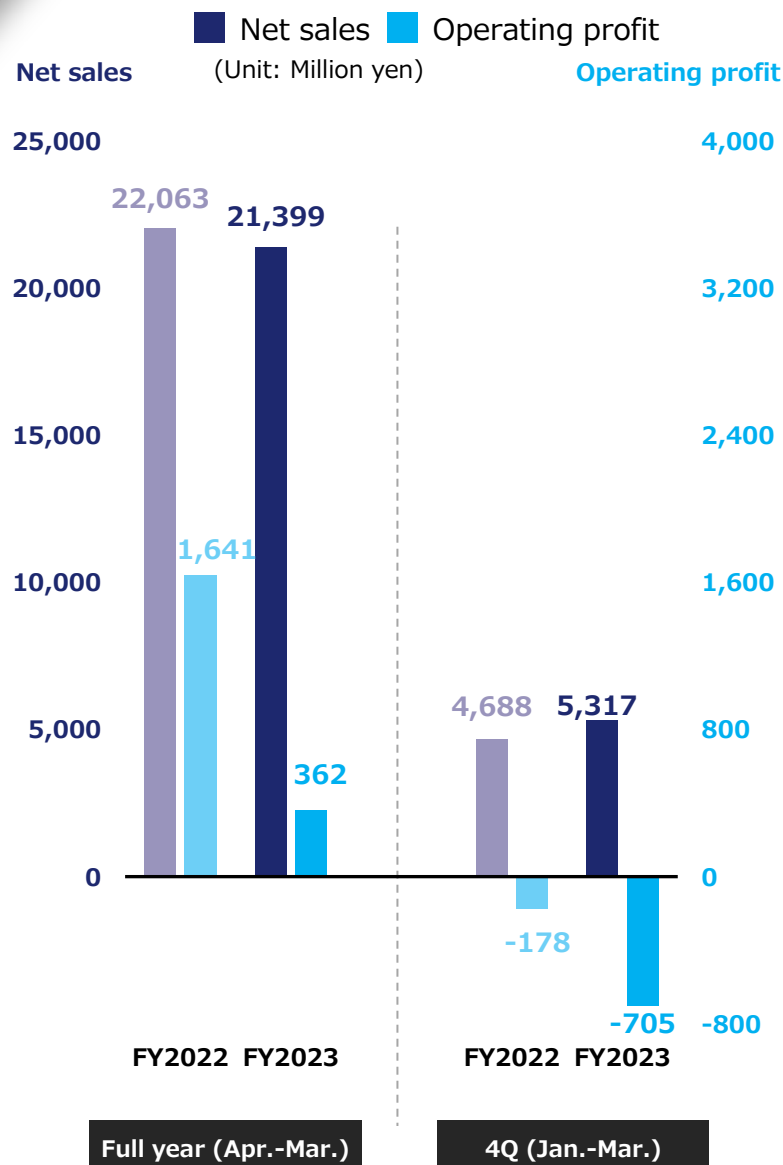
New titles for consoles and PCs YoY +189.2% Composition ratio: 35%	Repeat for consoles and PCs YoY +4.7% Composition ratio: 14%	Royalties for consoles and PCs YoY-73.9% Composition ratio: 17%	Others YoY+18.8% Composition ratio: 33%
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- At FromSoftware, *ARMORED CORE VI FIRES OF RUBICON*, a new title, contributed more greatly than expected in the domestic market, where it is sold by the Company. Although sales of *ELDEN RING*, of which two years have passed since release, decreased, its repeat sales continued to contribute strongly in FY2023.
- Spike Chunsoft's sales increased much both in the full year and in 4Q due to hits including the new titles *Master Detective Archives: RAIN CODE* and *Shiren the Wanderer 6: The Mystery Dungeon of Serpentcoil Island*.
- Sales of *The Eminence in Shadow: Master of Garden*, a mobile game, increased due in part to the effect of the media mix.

Operating profit: -44.1% / -6,268M (4Q -62.0% / -3,191M)

- Profit declined due to lower sales. In 4Q, profit declined in reaction to a one-off negative adjustment of incentives costs in FY2022, in addition to the above.
- The margin improved for *The Eminence in Shadow: Master of Garden*, a mobile game in the profit-earning phase, compare to FY2022.

Business Overview – Web Services Segment



YoY Analysis

Net sales: -3.0% / -664M (4Q +13.4% / +628M)

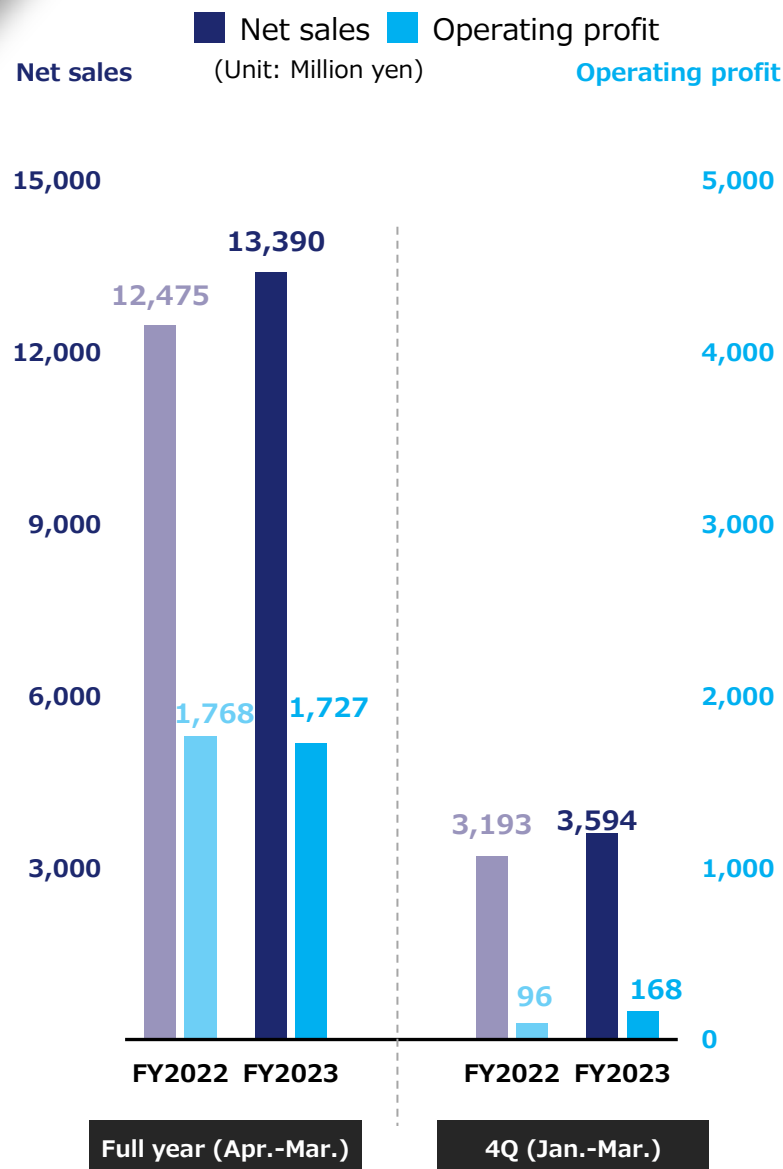
Niconico-related	Live	Mobile
YoY -4.9%	YoY +17.9%	YoY -12.4%
Composition ratio: 74%	Composition ratio: 15%	Composition ratio: 11%

- Sales from niconico-related business decreased in the full year but increased in 4Q.
 - There was a decline in premium membership. Some advertising-related services were scaled back, given the investment efficiency.
 - In 4Q, sales increased due to the impact of the increase in price of premium memberships in March (from 550 yen to 790 yen per month) and an increase in pay-as-you-go sales. The number of members cancelling their memberships in the wake of the price hike was within our expectations.
- Sales in the live business increased mainly thanks to Animelo Summer Live 2023.
 - Sales have continued to increase every fiscal year since FY2020, when sales were significantly impacted by the COVID-19 pandemic.
 - Sales also increased in 4Q. Sales from events consigned by other companies increased.
- Reduced sales due to ongoing contraction of the mobile business

Operating profit: -77.9% / +1,279M (4Q - / -526M)

- Operating profit from niconico-related business decreased both in the full year and in 4Q. There was an increase in investment in IT infrastructure to accelerate future development and improve cost efficiency. Other temporary expenses (approx. 600 million yen) were also incurred in 4Q.
- Profit increased in the live business in the full year due to the following factors. Profit increased in 4Q due to growth of sales.
 - Profit increased due to Animelo Summer Live and the cancellation of multiple unprofitable events

Business Overview – Education/EdTech Segment



YoY Analysis

Net sales: +7.3% / +915M (4Q +12.6% / +401M)

Vantan
YoY+9.2%
Composition ratio: 73%

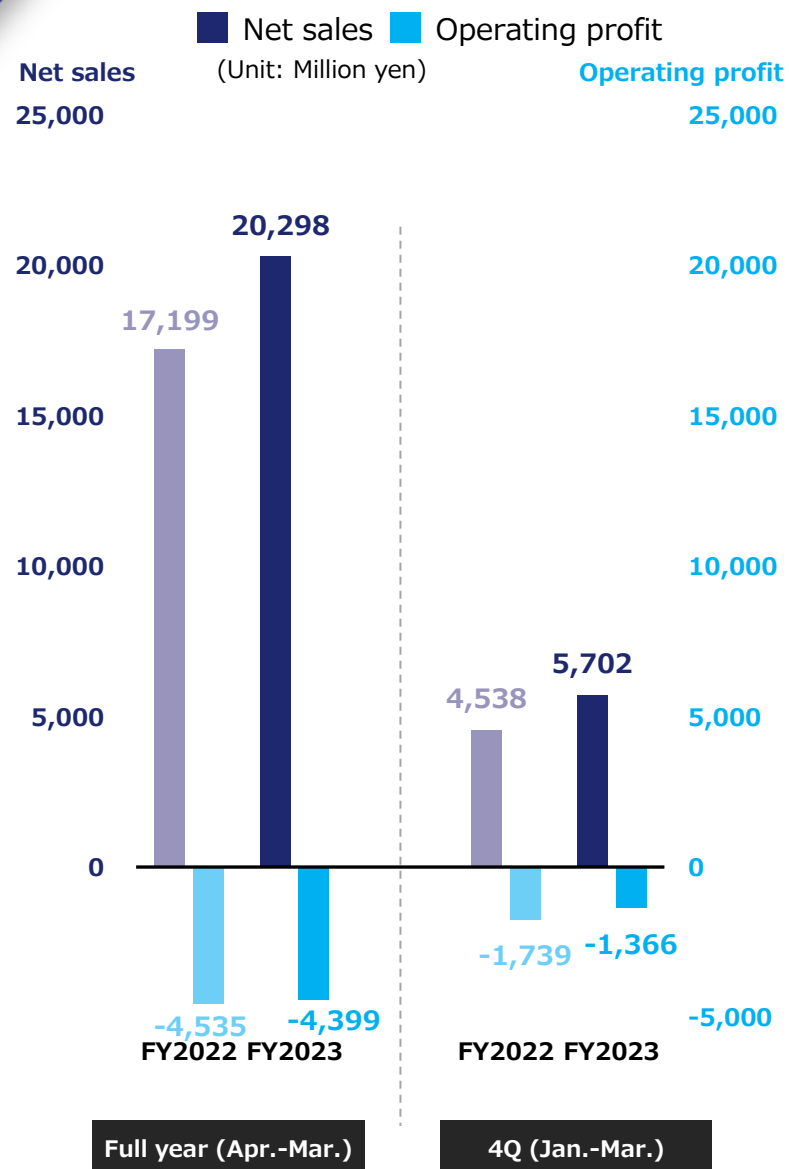
N/S high school business
YoY+2.7%
Composition ratio: 27%

- Sales increased both in the full year and 4Q due to an increase in the number of students.
 - At Vantan, student enrollment increased (+10% in the full year) due to the expansion of operating regions and the contributions of adult education courses that are being enhanced.
 - In the N/S high school business, student enrollment has continued its upward trend, mainly due to the opening of new campuses for in-person courses (+15% in the full year).

Operating profit: -2.4% / -41M (4Q +74.9% / +72M)

- In the full year, profit declined due to strategic investments made at Vantan in anticipation of increase in student enrollment from FY2024 onward. Operating profit increased in 4Q, with the impact of increased sales from the Vantan and N/S high school businesses absorbing cost increases.
 - Advertising expenses were incurred aggressively mainly for KADOKAWA SCHOOL OF ANIME, a new school that opened in April 2024. As a result, the number of applicants for the new school was far larger than initially expected. It will contribute to business results in FY2024 and beyond.

Business Overview – Others Segment



YoY Analysis

Net sales: +18.0% / +3,098M (4Q +25.6% / +1,163M)

Commercial facility business

YoY -2.9%
Composition ratio: 20%

MD

YoY+14.6%
Composition ratio: 33%

Other

YoY+32.5%
Composition ratio: 48%

- Sales increased in the segment overall.
- In the commercial facility business, sales decreased slightly both in the full year and 4Q.
- In the MD business, sales increased both in the full year and 4Q, primarily due to increased sales of collectible figures.
- Other businesses saw their sales grow due to the steady expansion of services in some new businesses.

Operating profit: - / +135M (4Q - / +373M)

- Losses are continuing to improve in the segment overall.
- The commercial facility business improved its operating loss both in the full year and 4Q due to the effect of the withdrawal from some businesses and cost optimization.
- Despite increased sales, profit declined for the full year in the MD business due mainly to up-front investments in new product genres and rising materials costs. In 4Q profit turned upward.

**Medium- to Long-term Strategies and
Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025**

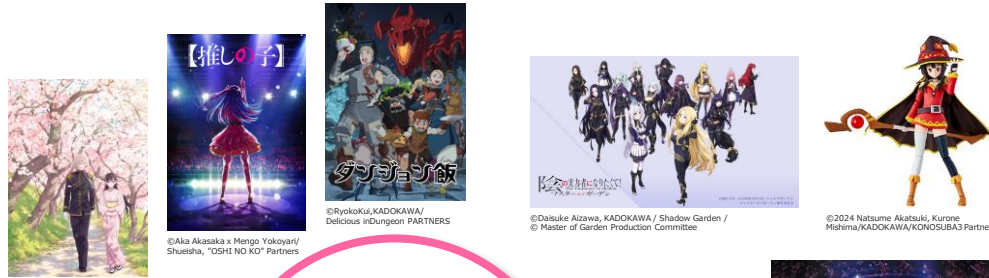
Growth Story Toward Achieving the Mid-term Management Plan

IP creation

Maximizing Intellectual Properties' LTV

Leverage proactive investment to grow the number of international sites, increase the number of subsidiaries that create IP and produce hit titles.

Continue to make growth investments aimed at achieving the Mid-term Management Plan



Rollouts of merchandising, games and events in conjunction with distribution and broadcasts

Lineup of large animation IPs

Development of globally integrated media mix

Expanded number of published IPs

Expansion of international bases

Expansion of the game pipeline

Increased distribution of IP and related products

Accelerate the Global Media Mix with Technology. Achieve sustainable growth.

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Arclight

Arclight, Inc. will join our group as a wholly owned subsidiary.



ACQUIRE Corp. joined our group as a wholly owned subsidiary.

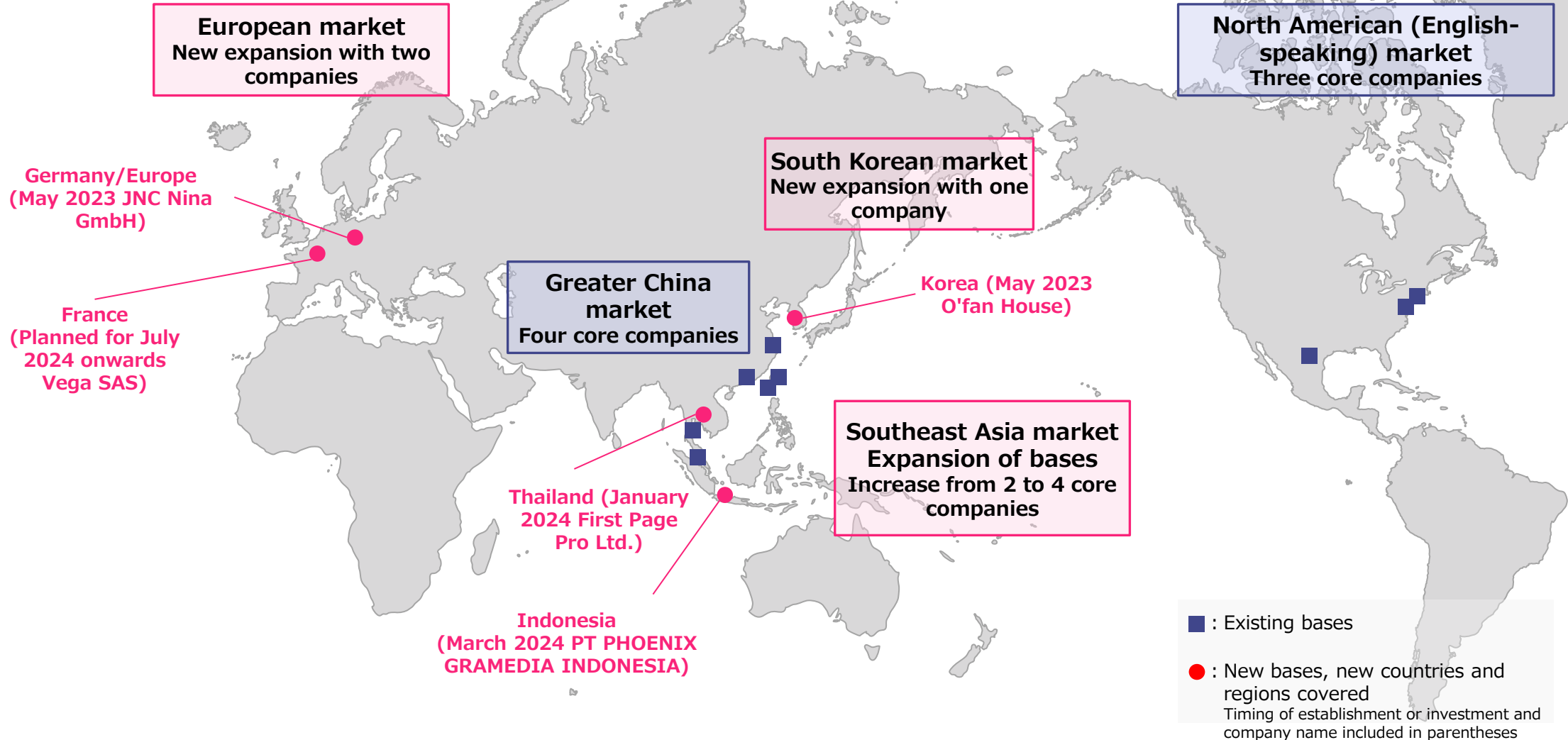


Establishing new sites in Indonesia, South Korea, France and etc.

Simultaneous distribution in multiple languages, strengthening of the international merchandising business

Expansion of international bases

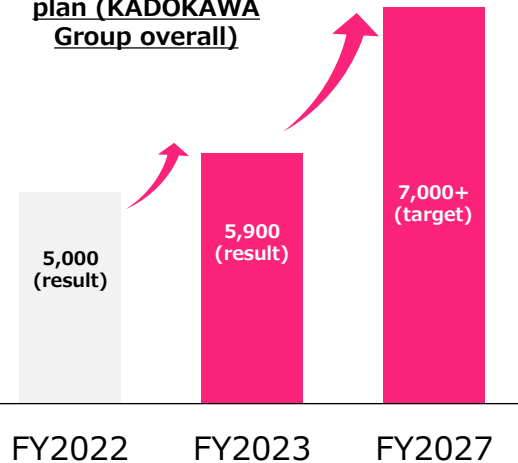
Five new international bases have been established in between 2023 and 2024. We plan further expansion to develop IP creation and the media mix around the world.



IP Creation: Publication and Animation

Expanded number of published IPs

Published IP creation plan (KADOKAWA Group overall)



- Expand the creation of published IPs as the source of the media mix. **During FY2023 the number of titles was expanded to 5,900.**
- We will enhance publications across a diverse range of genres with the aim of hitting over 7,000 titles by FY2027.**

New

Arclight

▼ We have decided to make **Arclight, Inc.** a wholly owned subsidiary, reflecting KADOKAWA's long history of collaborating with the company in Analog games development. We aim to expand the creation of IPs using analog games as a new source.

Lineup of large animation IPs

- Give hit titles a more global and mass market reach, making them bigger and longer-life.**
- Maintain diverse variety while meeting the various needs of titles.



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©Aka Akasaka x Mengo Yokoyari/Shueisha, "OSHI NO KO" Partners



©Kugane Maruyama, PUBLISHED BY KADOKAWA CORPORATION/OVERLORD: The Sacred Kingdom Movie Partners



©Tappei Nagatsuki, KADOKAWA/Re:ZERO3 PARTNERS

Evolution of digital services



- ▲ Increase the number of classic stories and characters through web and app-based serialization.

「」カクヨム
ネクスト

- ◀ Produce creator returns through paid subscriptions, serialize edgy titles.



- ◀ Distribution 200 series, the highest number for a domestic vertically scrolling comics publisher in Japan.

Expansion of Group production studios



- ▲ Expansion from the three existing Group studios with the **new addition of two studios**, creating a structure of **five studios in total**. We are focusing on improving integrated Groupwide productivity with the use of AI and introduction of shared systems.

New

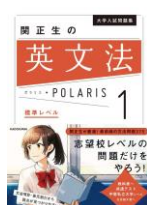
RagingBull



Expansion of genres



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©Masao Seki 2017



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- ◀ We aim to make further enhancements in each genre including children's books, study-aid books and lifestyles.

Human resource development through Group coordination



POWERED BY VANTAN



POWERED BY VANTAN

- ◀ The new schools at Vantan which opened in April 2024 have attracted more applicants than expected. Help produce and train human resources for KADOKAWA and the creative industry.

IP Creation: Games and Film

Expansion of the game pipeline

- We have invested in major gaming companies in Japan and international, while also implementing business alliances.
- We leverage the strong brand power of each company while actively investing to strengthen human resource and development lines.

FROM SOFTWARE

 **SPIKE CHUNSOFT**

 **Gotcha Gotcha Games**

New



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◀ **ACQUIRE Corp.**, which has a track record producing many well-known series and titles including *Tenchu*, *WAY OF THE SAMURAI*, *OCTOPATH TRAVELER* and *What Did I Do to Deserve This, My Lord?*, was made into a wholly owned subsidiary. This will expand our lineup of console games.



◀ We entered into a capital and business alliance with South Korea-based **VIC GAMES STUDIOS**. We will accelerate and enhance the development of mobile games for the global market leveraging KADOKAWA's animation IP.

KADOKAWA

By FY2025

Plan to publish
2-3 titles in-house.



By FY2027

Shifting to a structure
capable of developing
concurrently **5-10 in-house**
published titles.

Strengthening
the mobile
game
publishing
structure

Lineup of large film titles

- We have started to see results from our portfolio of titles focused on **KADOKAWA's original works and large-scale productions**.
- We aim to create titles that earn broad acceptance from audiences, including globally.



▲ **As Long as We Both Shall Live**
2.8 billion yen in cumulative box office takings (Ranked 5th among live action Japanese films in 2023)
©2023 "As Long as We Both Shall Live" Film Partners



▲ **Let's go Karaoke!**
Enjoyed an extended theatrical run due to repeat viewings and high ratings.
©2024 "Let's go Karaoke!" Film Partners



▲ **MATCHED**
Ranked first in weekend box office takings in the first week of its release.
©2024 "MATCHED" Film Partners



▲ **6 Lying University Students**
Scheduled for nationwide release in November 2024
©2024 "6 Lying University Students" Film Partners

Introduction
of new
technologies



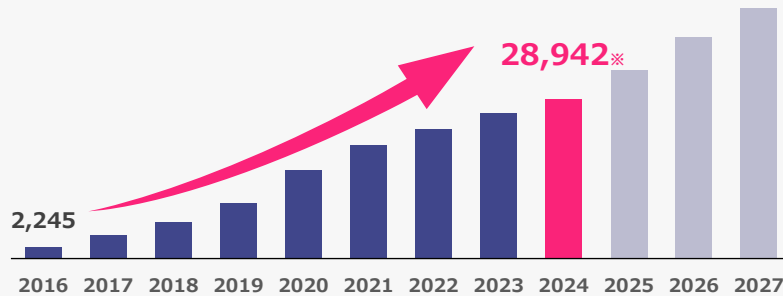
▲ **March 2024: Began virtual production activities at KADOKAWA DAIIEI STUDIO CO., LTD.** The studio enables the creation of new expressions in film footage by fusing cutting-edge technologies with artistic production capabilities that has long been held in high esteem.

Education/EdTech Segment

Becoming a leading company in EdTech supporting Japan's largest group of schools.
Through coordination across the Group, we aim to further expand the business and provide an environment for development of diverse human resources

学校法人角川ドワンゴ学園 N高等学校・S高等学校

Largest number of students in Japan.
Student numbers will continue to grow.



※As of May 7, 2024, the number of enrolled students.

Number of students successfully getting into prestigious Japanese and overseas universities is on the rise.

Successful University Applications in 2024 (compared with previous year).		
National and public universities	Famous private universities*	Ranked 2nd in Japan Overseas universities
170 (153.1%)	1,954 (127.3%)	138 (313.6%)

* Including Waseda University, Keio University, Sophia University, Tokyo University of Science, International Christian University, Gakushuin University, Meiji University, Aoyama University, Rikkyo University, Chuo University, Hosei University, Kansai University, Kwansei Gakuin University, Doshisha University, Ritsumeikan University, Kinki University, Nihon University, Toyo University, Komazawa University, Sanshu University, Kyoto Sangyo University, Konan University, Ryukoku University, Seikei University, Seijo University, Meiji Gakuin University, Dokkyo University, Kokugakuin University, Musashi University, arts and fine arts universities, and other renowned regional private universities

Wide range of school- and student-operated clubs

13 Club activities 9,156 Participants	288 Hobby Group 16,924 Participants
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※The total number of participants enrolled in N School, S School, and N Progressive School (as of the end of March 2024).

ZEN University (Provisional name) (Establishment approval pending)

Preparations of educational systems and content are underway.

We expect a steady increase in the number of students including who go on to higher education from N High School and S High School.

- Dwango offers cutting-edge EdTech in AI and VR.
- KADOKAWA provides knowledge and expertise.
- Our efforts help produce talent for the KADOKAWA Group and the creative industry.

VANTAN

Expanding schools in new regions and different genres

Opened April 2024

- VANTAN SHIBUYA BEAUTY ACADEMY, professional school
- KADOKAWA SCHOOL OF MANGA
- KADOKAWA SCHOOL OF ANIME

*Degrees obtained through collaboration with the SANNO UNIVERSITY.

Strengthen development of global human resources

Strengthen personnel acquisition and training

- Implementing hiring activities and strengthening internship acceptance around the world
- Talent management of global nationals



Strengthen support for success

- Enhancements to support programs for employees stationed internationally
- Improving various reward programs for employees at international subsidiaries
- Temporary remote work policy from home country for non-Japanese employees
- Expansion of eligibility for business class use on international business trips (At least the specified score on the qualifying examination)

Enhance personnel systems that improve motivation

Driving the success of junior personnel

- Providing new graduate employees with their desired assignments
- Long-term internship system

Strengthening the foundation for growth

Creative human resources

Technology-oriented human resources

Global human resources

Promoting the further utilization of programs

- Free agent-type internal transfer program: increase in the number of successful transfers
- Improving in the percentage of employees with concurrent roles
- Increase in the number of proposals in the open call for projects accepted for execution
- Enhance one-off payments for obtaining qualifications (Up to 10 million yen paid for qualifications involving high levels of difficulty)
- Side job system
- Conducting practical training based on specialization

Workplace environment that respects diversity

Realization of diverse work styles

- Workplace Choice System (selection of work location)
- Improved support systems for employees raising children or providing family care
- Enhanced health support for employees
- Rate of return from childcare leave: **100% in FY2023**



▲ Scene from a family interaction event for employees raising children

Employment of persons with disabilities

- Employment ratio of persons with disabilities: **2.32% in FY2023**
- Currently around 96 employees with disabilities* are active in the special group.

* As of the end of March 2024



▲ KADOKAWA CRAFT INC. operates a coffee roasting and sales business etc.

Promoting opportunities for women

- Improving the percentage of female managers and executives on a Group consolidated basis*

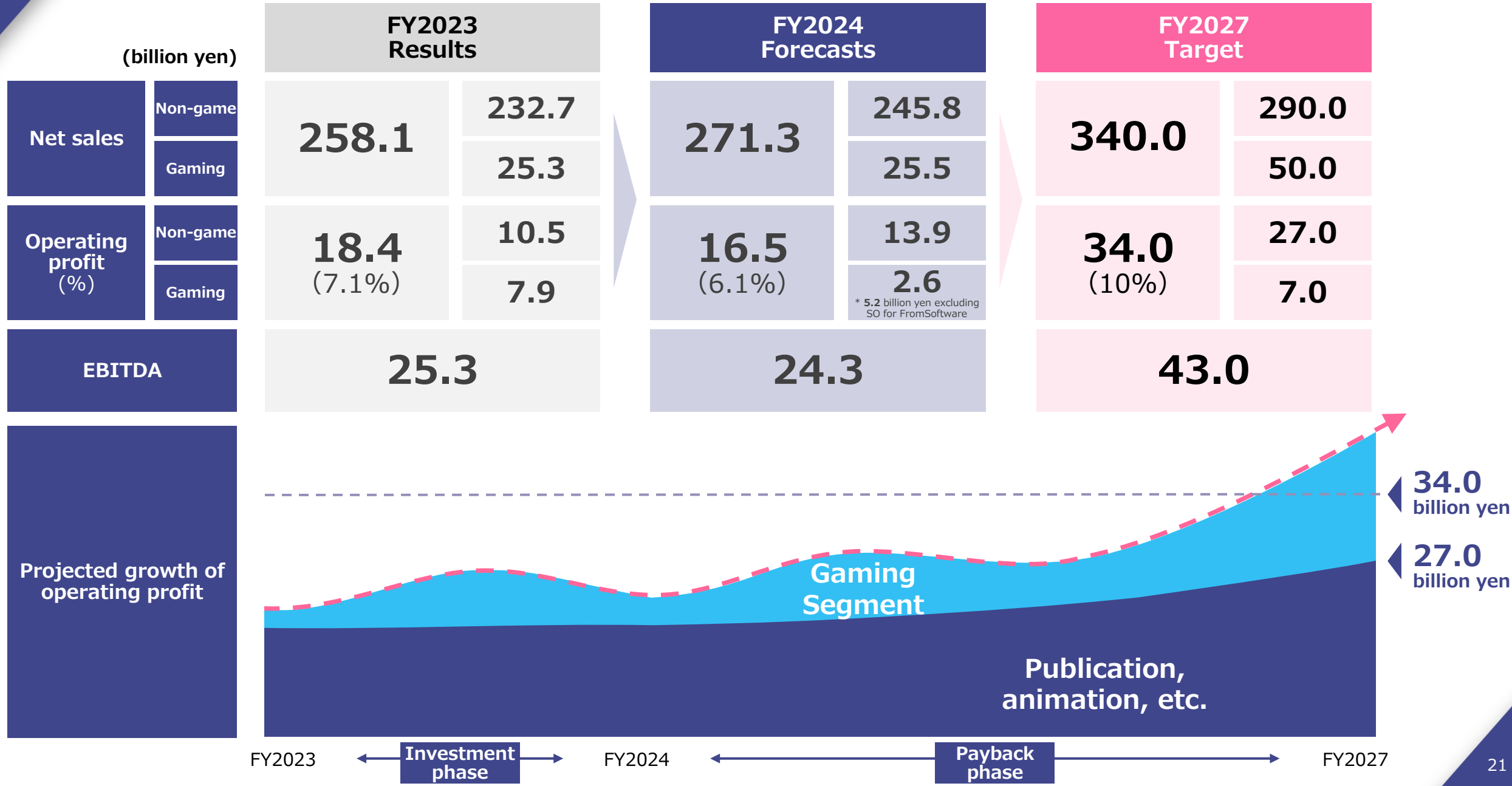
FY2022 19.3% ▶ Target for FY2030 30%

- Percentage of female employees in the KADOKAWA Group

FY2021 42.2% ▶ FY2022 43.2%

* The ratio combines KADOKAWA and its domestic consolidated subsidiaries

Numerical Targets for the Mid-term Management Plan



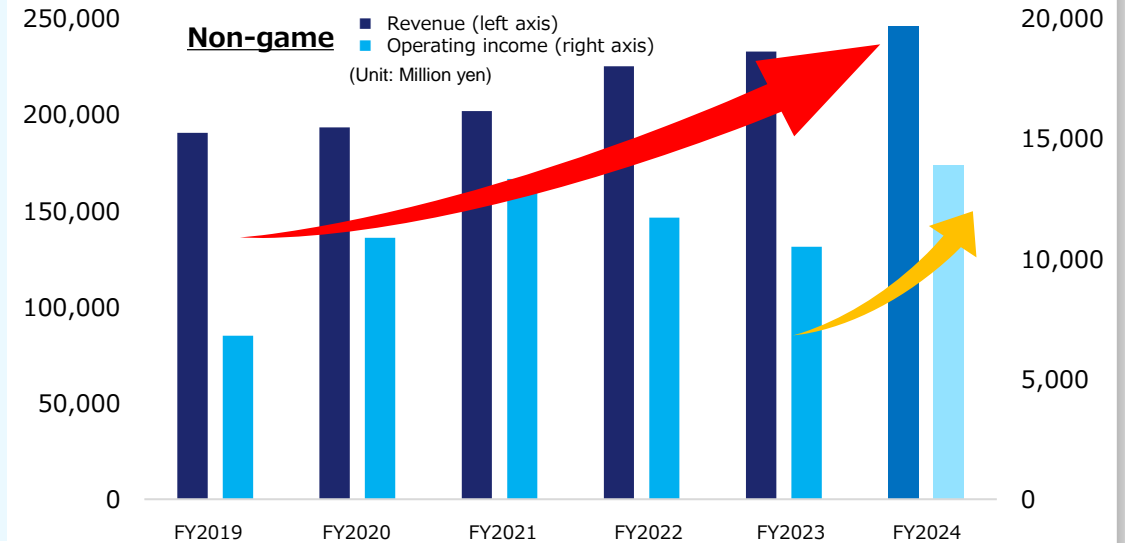
Summary of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025

■ Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 Net sales: 271.3 billion yen (+5.1%), Operating profit: 16.5 billion yen (-10.6%)

Collectively, the segments excluding the Gaming segment, which aim to grow stably, are expected to post an increase in sales and profit

(net sales: +5.6%, operating profit: +32.3%)

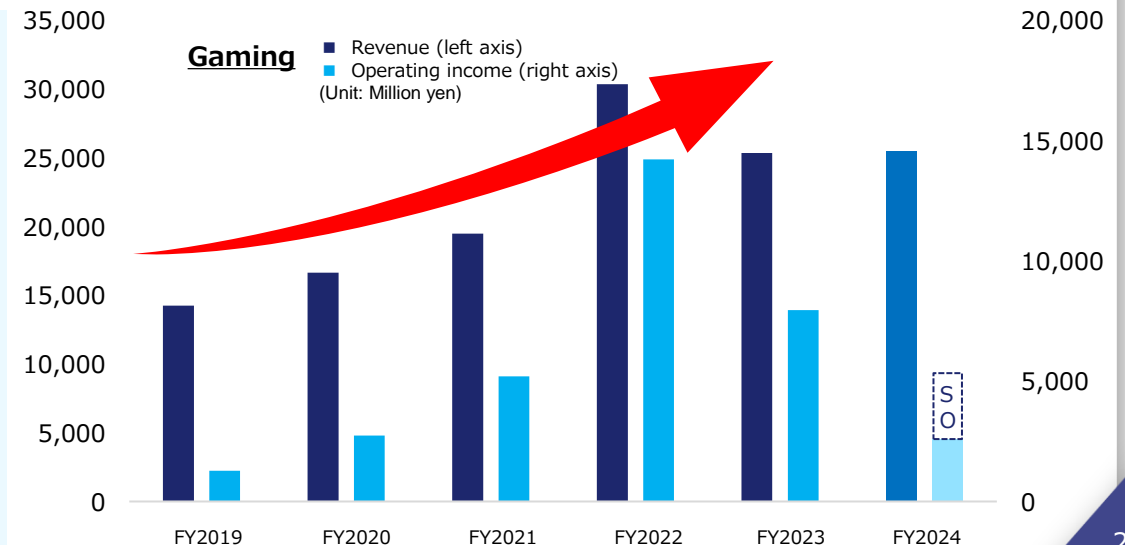
- Having strengthened IP creation capabilities and developed a successful media mix, the past five years have seen solid growth in sales (CAGR of 5.1%). This sales trend will continue in FY2024.
- On the profit front, over the past two years there has been a declining trend mainly due to the absence of the COVID-19 pandemic impact and increased costs from growth investments in Publication/IP Creation. In FY2024, non-gaming areas will return to a growth phase as a whole, with a recovery in Publication/IP Creation and improved profits in Web Services, Education/EdTech and Others Segment.



Sales will increase and profit will decline in the Gaming segment, in which performance is highly variable

(Net sales: +0.6%, Operating profit: -67.3%)

- Performance over the last five years has grown in powerful terms, mainly driven by rising worldwide acclaim for game IPs created by FromSoftware (Sales CAGR of 15.5%, operating profit CAGR of 57.9%).
- In FY2024, despite starting with a forecast of declining profit including the posting of expenses for stock options (SO) for FromSoftware (approx. 2.6 billion yen), we aim to achieve business results that exceed the forecast with new hit titles and expanded sales of past titles.



Summary of Net Sales and Operating Profit Forecasts by Business Segment for the Fiscal Year Ending March 31, 2025

Publication/IP Creation

Net sales: +9.5%, Operating profit: +28.4%

Most negative factors in profit in FY2023 will be reduced in FY2024. We expect increased sales and a significant jump in profit, mainly driven by recovery of the US business and solid growth in e-books.

Animation/Film

Net sales: -1.9%, Operating profit: -10.4%

In Animation we expect to post increased sales and profit with record-high performance due to an increase in the number of new titles and a powerful lineup. However, in Film the number of titles will decline due to the preparatory period needed to shift to large-scale titles, which will result in lower sales and profit.

Gaming

Net sales: +0.6%, Operating profit: -67.3%

While sales will increase mainly through contributions from in-house mobile games, profit will decline in part due to the posting of stock option expenses for FromSoftware (approx. 2.6 billion yen). We aim to achieve business results that exceed forecasts for both net sales and operating profit through new hit titles and the expanded sales of past titles.

Web Services

Net sales: +7.0%, Operating profit: +120.7%

With IT infrastructure investment approaching a peak and costs on the rise, sales and profit will rise, in part reflecting the effects of premium membership price hikes and contributions from the live events business.

Education/ EdTech

Net sales: +12.8%, Operating profit: +21.6%

High growth will continue and sales and profit will increase, against a backdrop of higher student numbers, including the establishment of new courses at Vantan.

Others

Net sales: -3.9%, Operating profit: +1,100M

Continual improvements will be made to overall losses, reflecting cost optimization and the effects of lower amortization expenses due to impairment losses in the commercial facility business, and growth in the MD business, despite a decline in sales mainly driven by the withdrawal from the purchase and sale of some products generating low profitability.

Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025

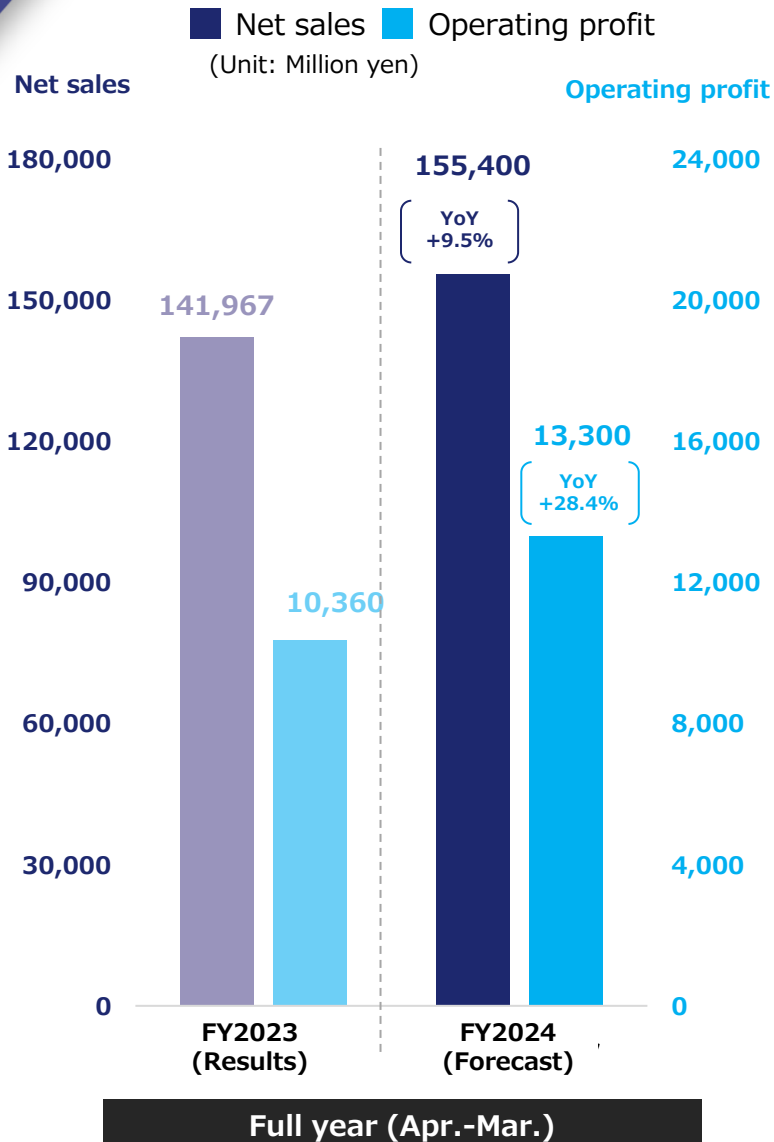
(Unit: Million JPY)	Results for the fiscal year ended March 31, 2024	Forecasts for the fiscal year ending March 31, 2025	Year on year (changed amount)	Year on year (%)
Net sales	258,109	271,300	+13,190	+5.1%
Non-gaming	232,757	245,800	+13,042	+5.6%
Gaming	25,351	25,500	+148	+0.6%
Operating profit	18,454	16,500	-1,954	-10.6%
Non-gaming	10,503	13,900	+3,396	+32.3%
Gaming	7,950	2,600	-5,350	-67.3%
↳Excluding SO for FromSoftware		5,209	-2,741	-34.5%
Ordinary profit	20,236	18,600	-1,636	-8.1%
Profit attributable to owners of parent	11,384	13,400	+2,015	+17.7%
EBITDA	25,374	24,300	-1,074	-4.2%

EBITDA is the total of operating profit, depreciation and amortization of goodwill.

Net Sales and Operating Profit Forecasts by Business Segment for the Fiscal Year Ending March 31, 2025

(Unit: Million JPY)		Results for the fiscal year ended March 31, 2024	Forecasts for the fiscal year ending March 31, 2025	Year on year (changed amount)	Year on year (%)
Publication/ IP Creation	Net sales	141,967	155,400	+13,432	+9.5%
	Operating profit	10,360	13,300	+2,939	+28.4%
Animation/Film	Net sales	46,060	45,200	-860	-1.9%
	Operating profit	4,574	4,100	-474	-10.4%
Gaming	Net sales	25,351	25,500	+148	+0.6%
	Operating profit	7,950	2,600	-5,350	-67.3%
	↳excluding SO for FromSoftware		5,209	-2,741	-34.5%
Web Services	Net sales	21,399	22,900	+1,500	+7.0%
	Operating profit	362	800	+437	+120.7%
Education/EdTech	Net sales	13,390	15,100	+1,709	+12.8%
	Operating profit	1,727	2,100	+372	+21.6%
Others	Net sales	20,298	19,500	-798	-3.9%
	Operating profit	-4,399	-3,300	+1,099	-
Corporate/ Eliminations	Net sales	-10,358	-12,300	-1,941	-
	Operating profit	-2,120	-3,100	-979	-

Full-year Forecast – Publication/IP Creation Segment



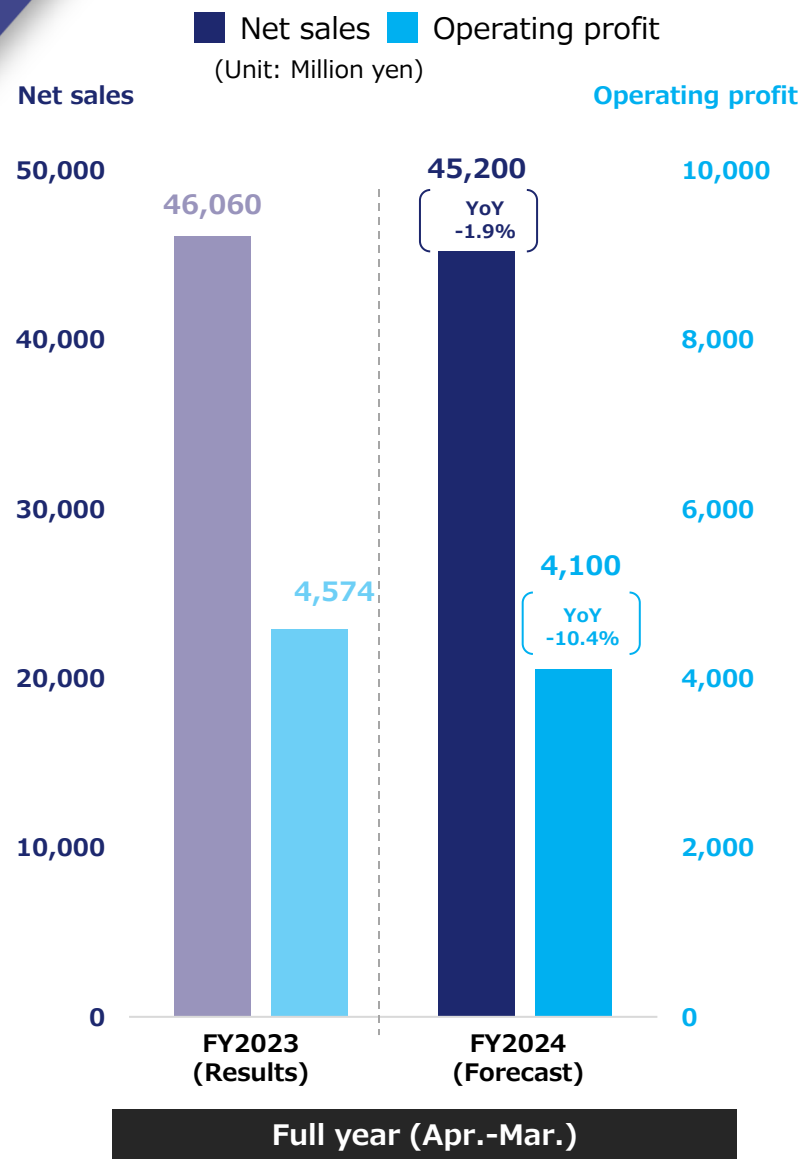
FY2023 results vs. FY2024 forecast

- With domestic paper-based books we will aim to have sales remain flat, by increasing the number of new IPs with a focus on comics and revising prices, despite an ongoing market contraction.
While we expect logistics and personnel expenses to increase, we will drive improvements to business efficiency through improvements to return rates.
- For international paper-based books we will aim to increase sales and profit overall (net sales +9%).
 - In Asia, the contributions of new sites in addition to the steady growth of existing sites are expected.
 - In the US, it is expected that bookstores will finish their inventory adjustments. In addition, the trend in shipments of original books adapted into animations, etc., shows signs of improvement.
- E-book sales will continue to grow faster than the market, and both sales and operating profit are expected to continue to increase. (net sales: +7%)
- Impact of increased sales due to ARCLIGHT, which will play a role in IP creation based on analogue games, being made a subsidiary (approx. 6.5billion yen in sales)

Medium- to long-term direction

- There will be an increase in the number of new IPs originating from not only paper-based books but also e-books, with a focus on comics that are expected to have a large media mix effects. The creation of 7,000 IPs per year is targeted including the IP creation from UGC.
- In the international business, the number of titles published will increase due to an increase the number of overseas sites and improvements to translation functions. Measures will also be advanced to discover local IPs.
- We will further improve efficiency in the domestic paper-based books business, while expanding the reach of e-books to users and acquiring and fostering authors

Full-year Forecast – Animation/Film Segment



FY2023 results vs. FY2024 forecast

- In animation, both net sales and operating profit are expected to reach record-highs as they did in FY2023. In addition to the increase in new titles, we will air new series made leveraging the Company's IPs, such as *Re:ZERO* and *KONOSUBA**, *Overlord* as well as popular IPs from other companies including *OSHI NO KO*, *TRILLION GAME* and *Medalist*.
- In Film, the number of titles will decrease due to the preparatory period needed to shift to large-scale titles, which will result in lower sales and profit.

Medium to long term direction

- To maximize the LTV of IPs, we will promote the media mix all over the world through integrated efforts in publication, animation, film, gaming, MD and other businesses.
- In Animation, we will steadily release sequels to popular series and enhance profitability. We will also develop new animation titles adapted from popular original IPs, thereby increasing the diversity of the lineup. We will pursue an increase in the percentage of titles produced in-house by strengthening production systems, reinforcing our animated IP production base.
- For Film, we will take on the challenge of large-scale titles. In addition, we aim to increase the percentage of hits by adapting comics into Film titles, developing titles for OTT and enhancing marketing efforts, driving improvements to profitability as a result.

* "Re: ZERO" ... *Re: ZERO - Starting Life in Another World*
 "KONOSUBA" ... *Konosuba: God's Blessing on This Wonderful World!*

Major Promising Titles of Animation in FY2024

Titles (only publicly announced)	Release
Unnamed Memory	April 2024
Mysterious Disappearances*	April 2024
KONOSUBA -God's Blessing on This Wonderful World! 3	April 2024
Grandpa and Grandma Turn Young Again	April 2024
Delicious in Dungeon	April 2024
Date A Live V	April 2024
Oblivion Battery*	April 2024
No Longer Allowed in Another World*	July 2024
【OSHI NO KO】*	July 2024
Days with My Stepsister	July 2024
Our Last Crusade or the Rise of a New World Season 2	July 2024
Love Is Indivisible by Twins	July 2024
Alya Sometimes Hides Her Feelings in Russian	July 2024
VTuber Legend: How I Went Viral after Forgetting to Turn Off My Stream	July 2024
MAYONAKA PUNCH	July 2024
TRILLION GAME*	October 2024
Re:ZERO -Starting Life in Another World- Season 3	October 2024
Rekishi ni nokoru akujo ni naruzo	October 2024
OVERLORD:The Sacred Kingdom	Autumn 2024
Medalist*	January 2025

*Titles from other companies' original works



KONOSUBA -God's Blessing on This Wonderful World! 3
©2024 Natsume Akatsuki, Kurone Mishima/KADOKAWA/KONOSUBA3 Partners



Delicious in Dungeon
©Ryoko Kui,KADOKAWA/Delicious in Dungeon PARTNERS



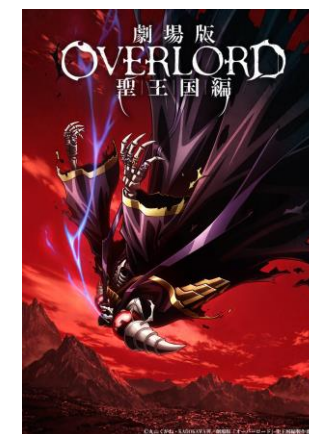
【OSHI NO KO】
©Aka Akasaka x Mengo Yokoyari/Shueisha, "OSHI NO KO" Partners



Re:ZERO -Starting Life in Another World- Season 3
©Tappei Nagatsuki,KADOKAWA/Re:ZERO3 PARTNERS

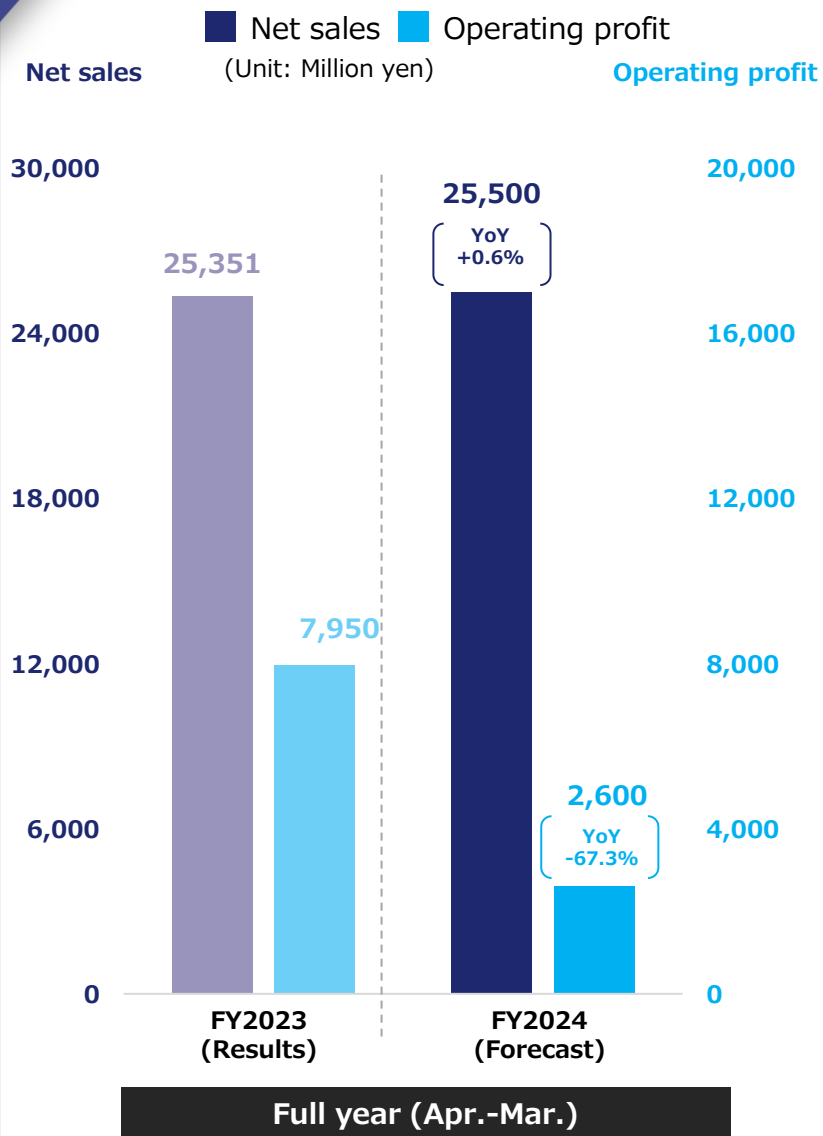


Medalist
©TSURUMAIIKADA,KODANSHA/Medalist Partners



OVERLORD: The Sacred Kingdom
©Kugane Maruyama,PUBLISHED BY KADOKAWA CORPORATION/OVERLORD:The Sacred Kingdom Movie Partners

Full-year Forecast – Gaming Segment



FY2023 results vs. FY2024 forecast

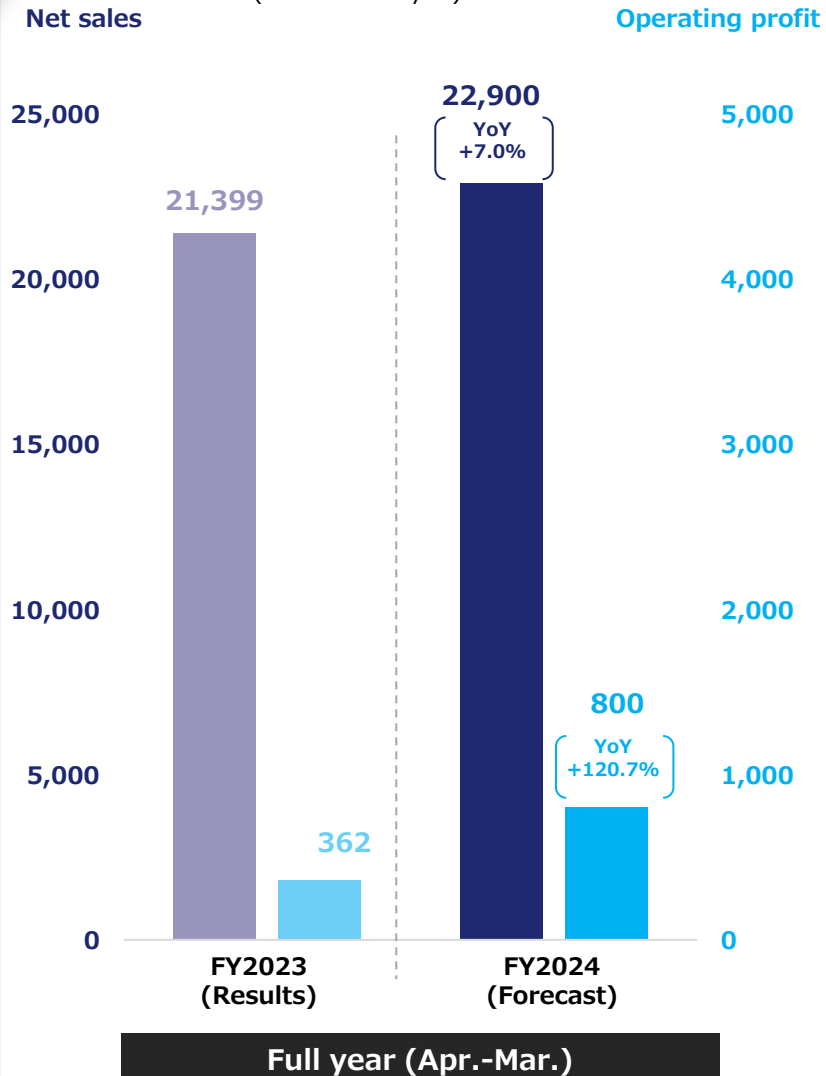
- We aim to achieve business results that exceed the forecast with new hit titles and the growth of sales of past titles.
 - FromSoftware plans to release major DLC for *ELDEN RING* on June 21. There are hopes that this will also improve sales of the original title by further expanding the fan base.
- Net sales will increase.
 - The release of new mobile games utilizing KADOKAWA's animation IPs are planned
 - Business results of ACQUIRE, which was made into a subsidiary in December 2023 will contribute to the full year results. (approx. 1.5 billion yen)
- Operating profit is forecast to decrease.
 - Expenses for stock options provided as compensation to officers and employees of FromSoftware (approx. 2.6 billion yen) are taken into account.

Medium to long term direction

- At FromSoftware, steady progress has been made in the consideration of schemes to expand the scope of its own publishing during the period of the Mid-term Management Plan, the augmentation of development personnel and other initiatives.
- To continue to create game IPs, we have 20 IPs in the development pipeline for console games and 5 in the pipeline for mobile games.
- In mobile games, we will increase the number of titles in operation. We will maximize the LTV of IPs through linkage with other businesses including animation. We concluded a capital and business partnership with VIC GAME STUDIOS, a major gaming studio in South Korea, to accelerate and enhance the development of world-class mobile games

Full-year Forecast – Web Services Segment

■ Net sales ■ Operating profit
(Unit: Million yen)



FY2023 results vs. FY2024 forecast

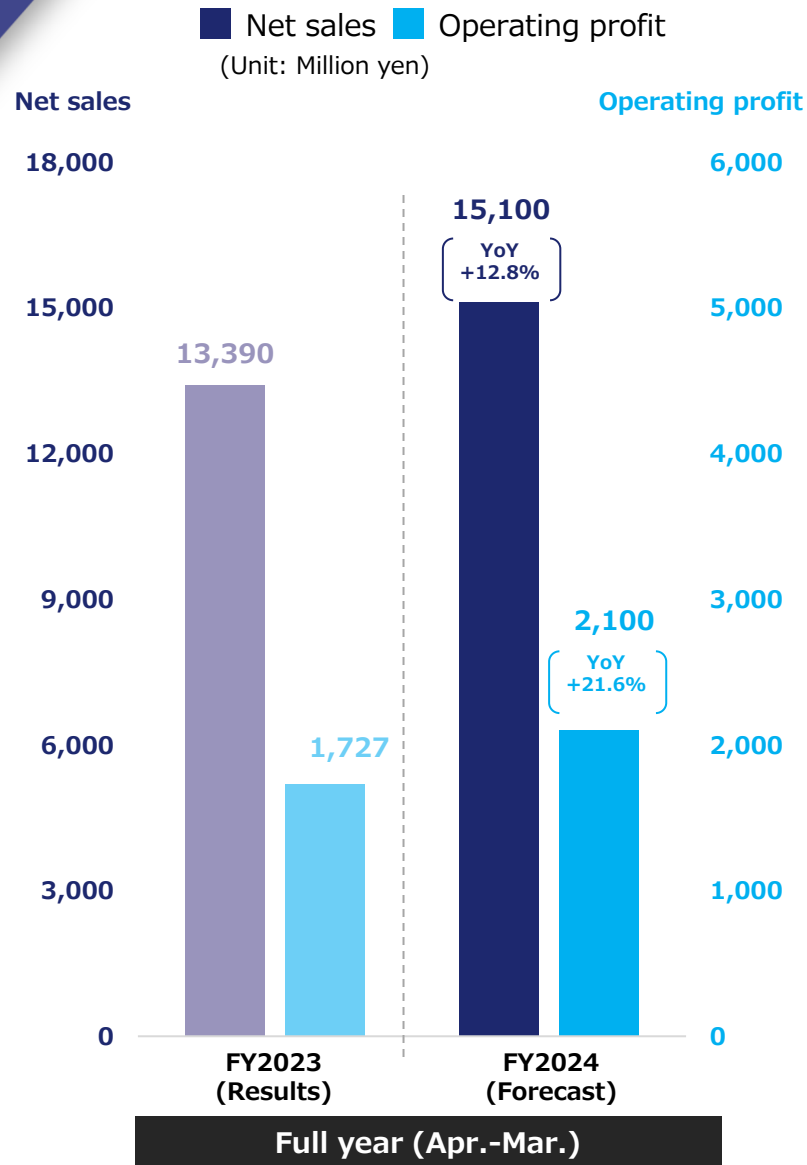
- In the niconico-related business, both sales and profit will increase, mainly reflecting an increase in the price of premium memberships, offsetting the continued investment in IT infrastructure.
 - The cost of investments in IT infrastructure will increase approx. 1.0 billion yen. Investment will peak in FY2024 and is expected to be mostly completed in FY2025.
 - Niconico Chokaigi 2024 will achieve the growth of sales and profit. We will optimize costs by revising planning and operating methods in addition to increasing the number of visitors. We will aim to move into profitability.
- Sales in the live business will increase mainly due to fan events featuring the creators of popular videos in addition to Animelo Summer Live. The business will remain profitable.

Medium to long term direction

- We will implement initiatives aimed at putting the niconico-related business back on the growth track.
 - We will focus our efforts on genres with many users in niconico (such as VOCALOID* and games).
We will also improve services, such as app renewal, to enhance site circulation. We will thus strive to acquire new users and increase the retention rate.
 - We aim to reverse the down trend of MAU in FY2024 and the premium membership in FY2025.
- We will devise measures to continue producing creators to be popular, originating from niconico.
 - To maximize rights licensing sales for music IP created by music artists originating from niconico, we will aim for consistent in-house management from production to sales.
- In the live business, we will implement selection and concentration in planning to remain profitable and achieve growth constantly.
 - Based on the event production expertise cultivated through niconico, we will plan and implement a wide range of events leveraging Group's IPs to maximize LTV.

* VOCALOID is a registered trademark of Yamaha Corporation.

Full-year Forecast – Education/EdTech Segment



FY2023 results vs. FY2024 forecast

- Both sales and profit will increase overall. The number of students will increase at Vantan, N High School, and S High School (+15%)
 - At Vantan, great contributions will be made mainly by the highly anticipated new school, KADOKAWA SCHOOL OF ANIME. Regional expansion will also contribute to results.
 - In the N/S high school business, the number of campuses for in-person classes increased by 26.
 - Preparations of educational systems and content are under way toward the opening of ZEN University.*

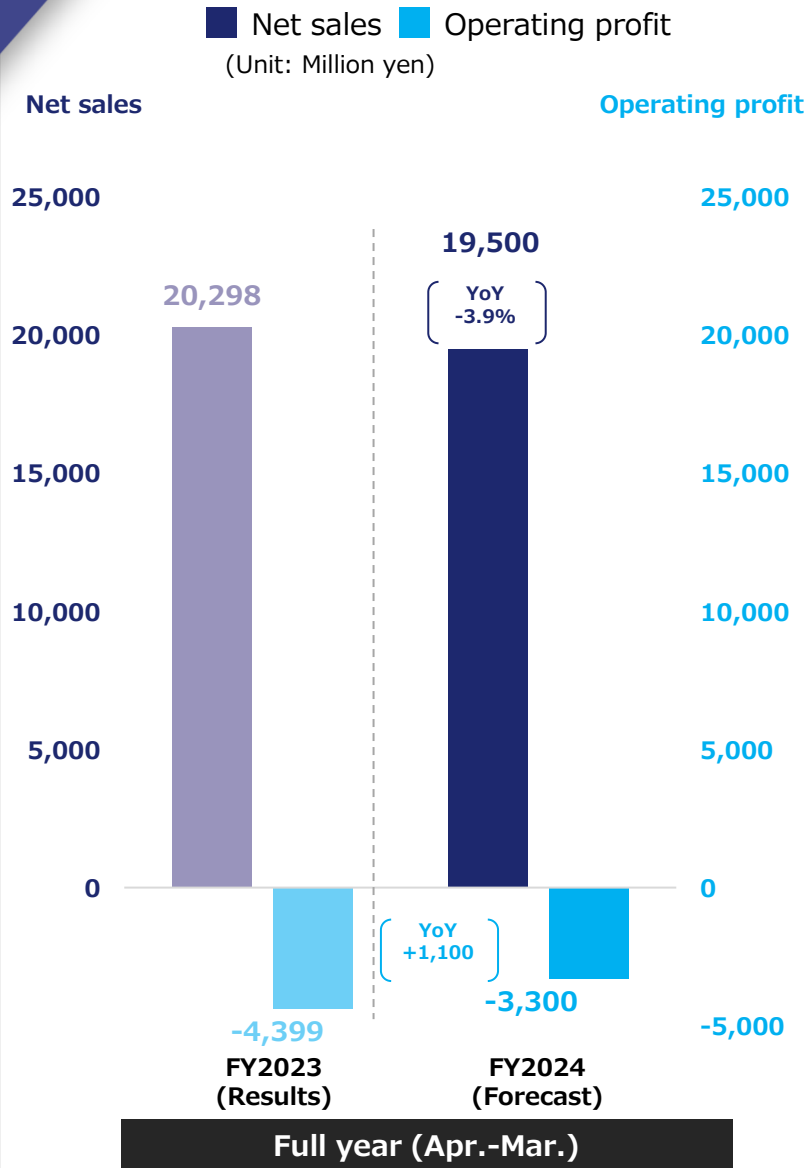
Medium to long term direction

- At Vantan, we will roll out popular existing courses regionally and establish professional** course. We will establish new courses to achieve continuous growth, including expansion of target market.
- In the N/S high school business, customer base will expand and high growth will be maintained, mainly reflecting continuous increase of campuses for in-person courses. The number of students who have successfully applied to overseas universities in 2024 was second largest in Japan.
- In the ZEN University* business, we plan to provide technology-based educational systems and practical classes including AI and creative aspects. We also expect students to advance from N High School and S High School, and will strive to increase the number of students stably.
- We will further step up Groupwide inter-school coordination in the future. We will develop highly professional human resources by teaching classes taking advantage of synergy within the Group. In the long term, these efforts also expected to help the Group to acquire human resources.

* ZEN University (provisional name) is currently applying for the establishment approval by MEXT.

** Obtaining a degree through collaboration with Seisa University and Kyoto University of the Arts

Full-year Forecast – Others Segment



FY2023 results vs. FY2024 forecast

- In the commercial facility business, sales will increase and loss will improve.
 - We will promote qualitative improvements to event planning and expansion outside Sakura Town.
 - Effect of the reduction in depreciation resulting from the impairment recorded in FY2023 (a 220 million yen decrease in costs on a full-year basis).
- In the MD business, we will continue to anticipate high growth, expecting the new plastic model business to contribute significantly, in addition to growth of collectible figures and online raffle services.
- Impact from decline in sales and improved profit following the withdrawal from the purchase and sale of some products in light of profitability

Medium to long term direction

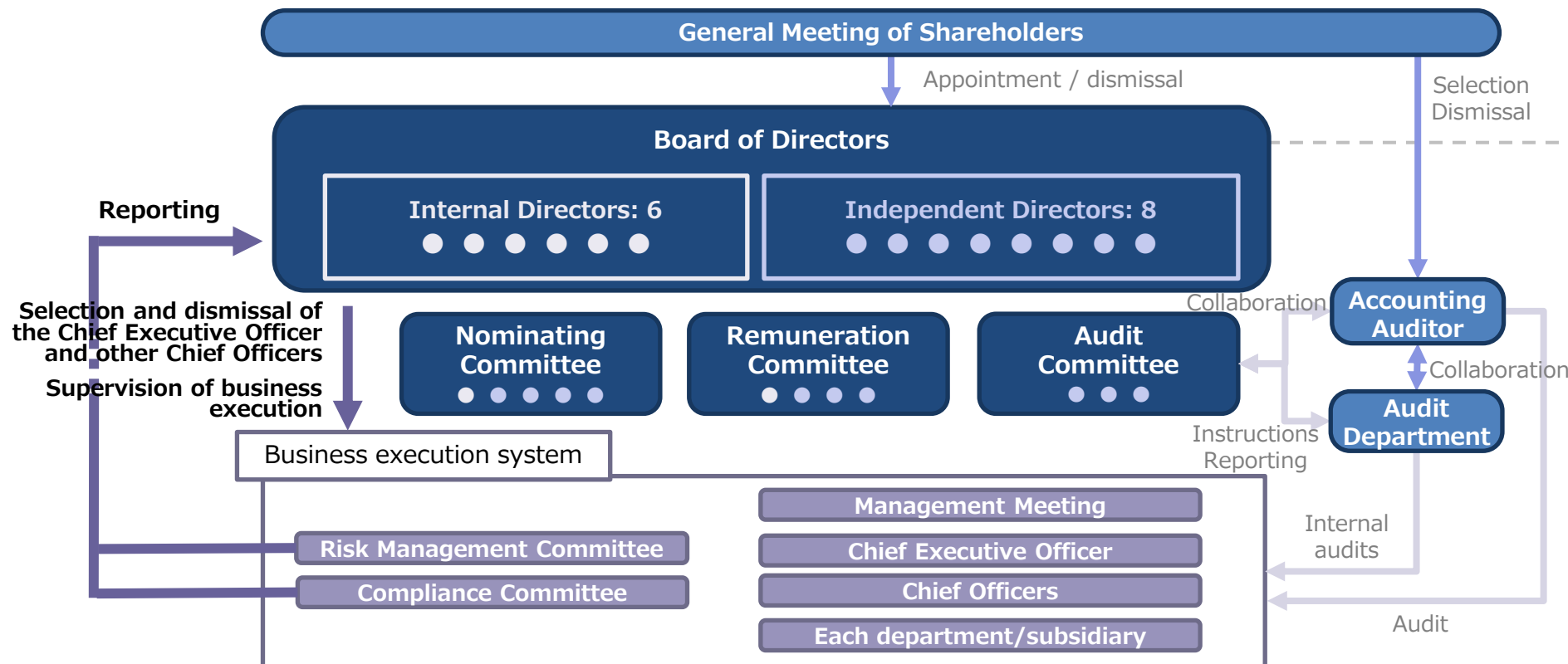
- In the commercial facility business, we aim to increase sales continuously and achieve profitability in the future.
 - We will offer diverse events to respond to demand from inbound tourists and local residents as well as core fans of IPs.
 - We will continue cost optimization to transform it into a sustainable business.
- In the MD business, we will actively promote a media mix utilizing in-house IP and IP from other companies. We will expand sales to international markets and expect to achieve high growth with product lineups that include collectible figures and plastic models.
- We will also develop other new businesses.

Appendix

Overview of the Corporate Governance System

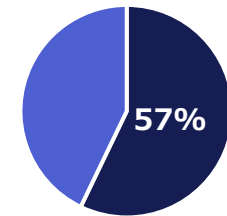
- We have built a highly independent and objective management structure, such as ensuring that independent board members make up a majority on the Board of Directors, and having an independent outside director serve as Chairperson of the Board
- Authority is delegated to chief officers, particularly the chief executive officer, to develop a structure that expedites decision making.
- Groupwide risk management and compliance activities are promoted through the Risk Management Committee and the Compliance Committee, which is chaired by an outside attorney.
- We have strengthened our legal compliance framework by conducting compliance training for officer-level personnel, and introducing checks by legal and internal control divisions concerning outsourcing agreements.

<Governance Structure Following the Ordinary General Meeting of Shareholders Held in June 2024>

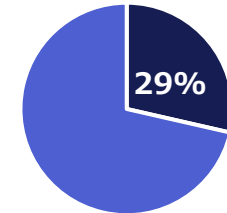


Composition of the Board of Directors

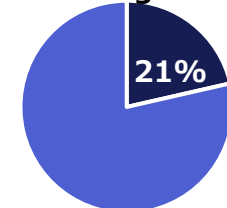
Independent ratio



Female ratio



Ratio of foreign nationals



News Related to Progress on Improvements to Corporate Governance

Nominating Committee, Remuneration Committee and Audit Committee activities under the new officer structure

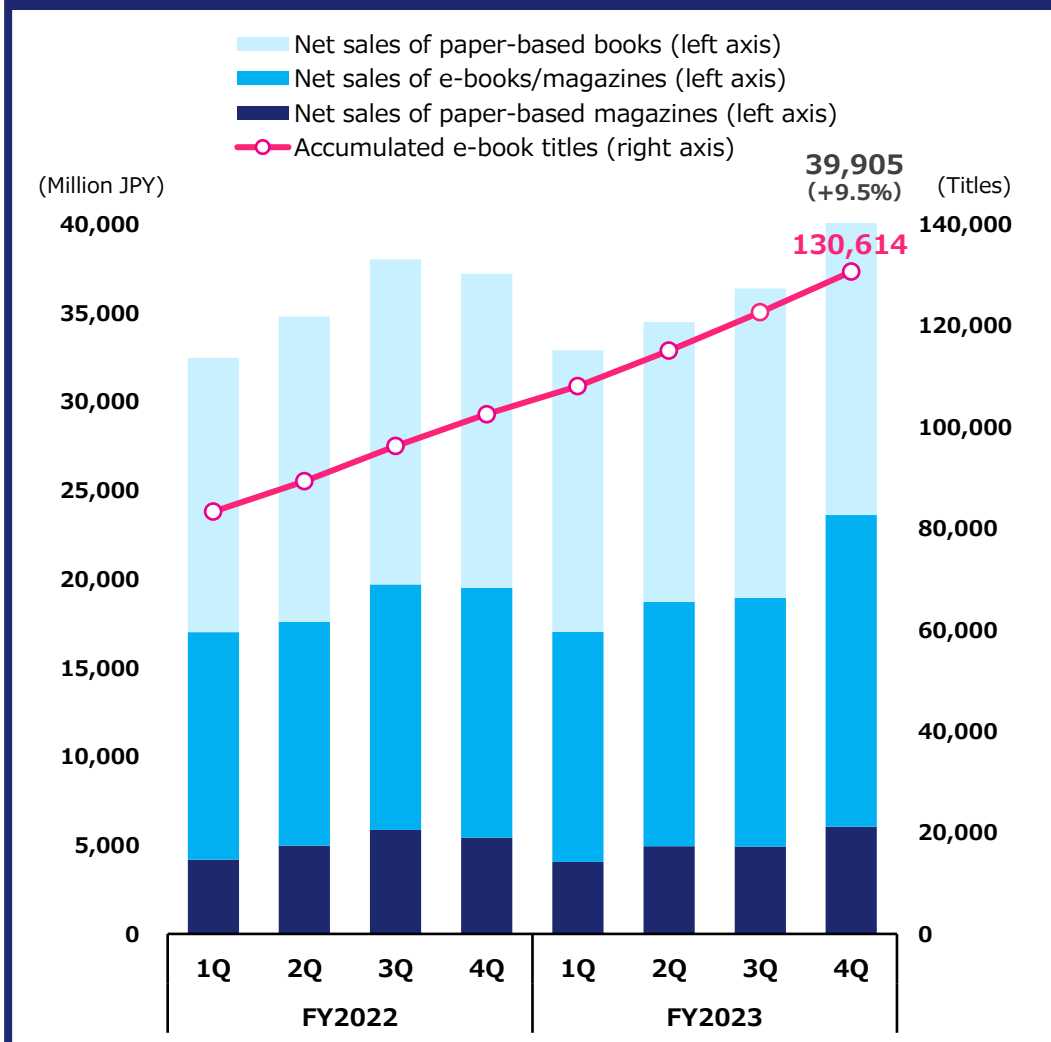
- Number of times each committee met in the fiscal year ended March 31, 2024
After shifting to a company with a nominating committee, etc. in June 2023, the Nominating Committee and Remuneration Committee met six and five times respectively
(Prior to the shift to a company with a nominating committee, etc., the non-statutory Nomination and Evaluation Remuneration Committee met three times)
- The Nominating Committee deliberates policy concerning the appointment and dismissal of directors including the percentage of female officers and skills matrix, as well as the details of succession plans
- The Remuneration Committee deliberates over the shape of incentive plans linked to medium-to-long-term management goals
- The Audit Committee promotes audit activities based on the annual audit plan. Interviews with representative chief officers (3 times) and interviews with business and administrative divisions (9 times) were conducted, as well as regular collaboration with business management division, internal audit division, group companies' auditors and the auditing firm.

Strengthening the legal compliance framework

- In addition to the existing KADOKAWA Group Compliance Policy, an Anti-Bribery Policy dedicated to the prevention of bribery has been established.
- Going forward we will continue to strengthen procedures aimed at preventing bribery, including the development of a prior review system for transaction types that pose risks of leading to bribery.
- By strengthening the contract checking process, we will discover legal risks at an early stage and resolve any issues.

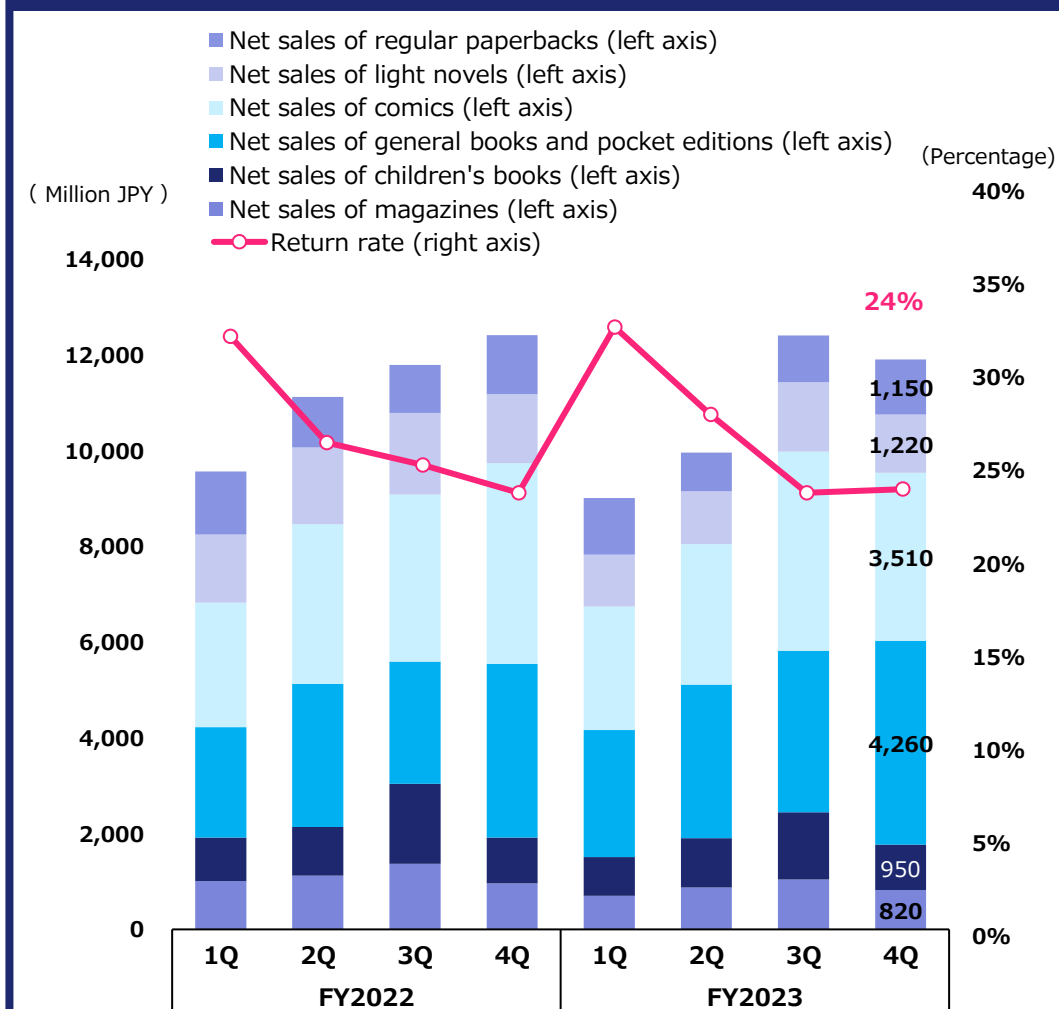
Publication/IP Creation Segment

Sales trend of Publication/IP Creation Segment



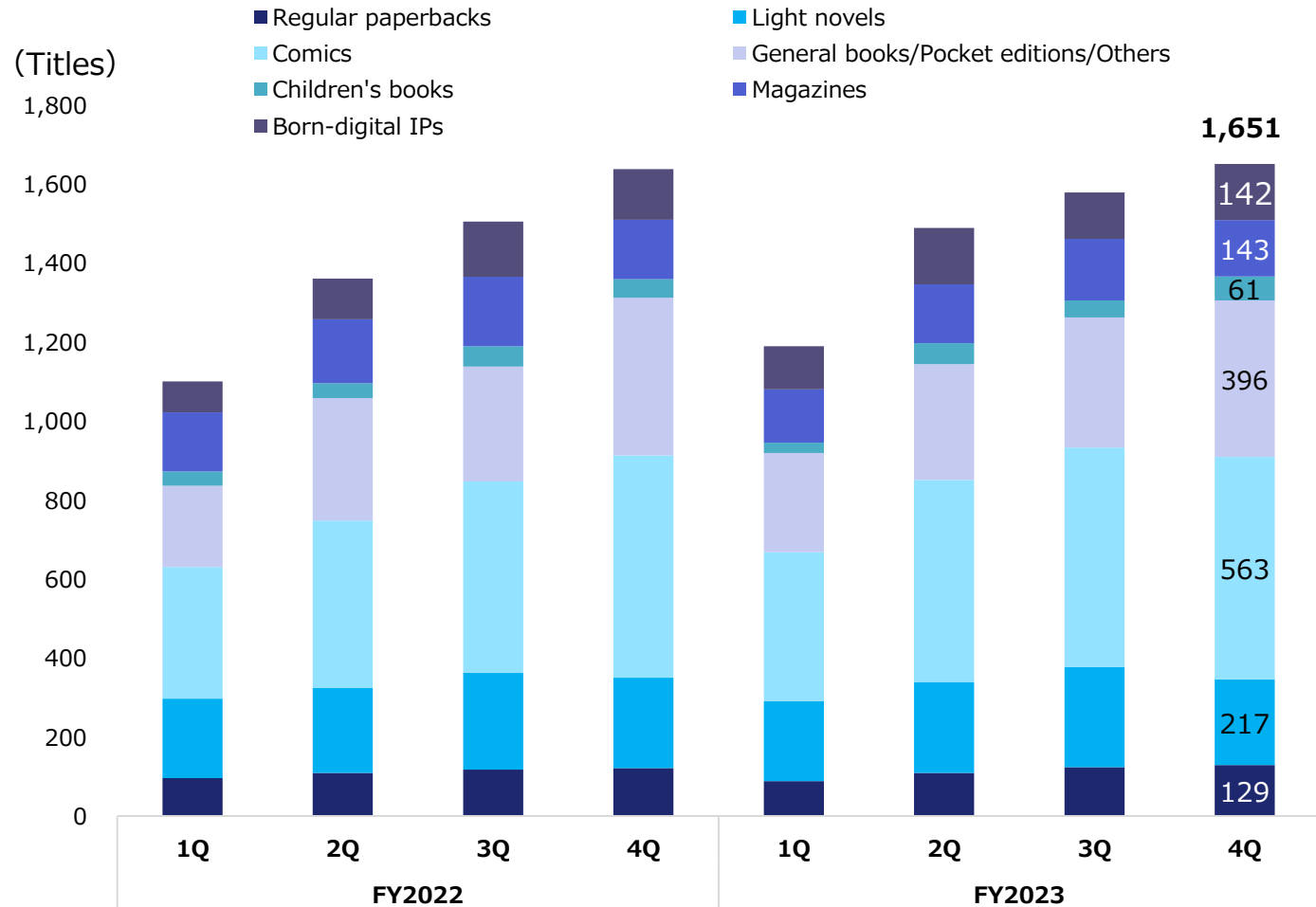
*Accumulated e-book titles include the number of distribution by chapter

Sales trend of paper-based books/magazines and returns rate (KADOKAWA Non-consolidated)



Publication/IP Creation Segment

Number of new IPs of paper-based books and magazines by genre (Actual)



* Total of IPs including Group companies' and born-digital titles in addition to KADOKAWA non-consolidated paper-based books from this disclosure material

Titles contributing to sales



Delicious in Dungeon
Vol. 13 & 14

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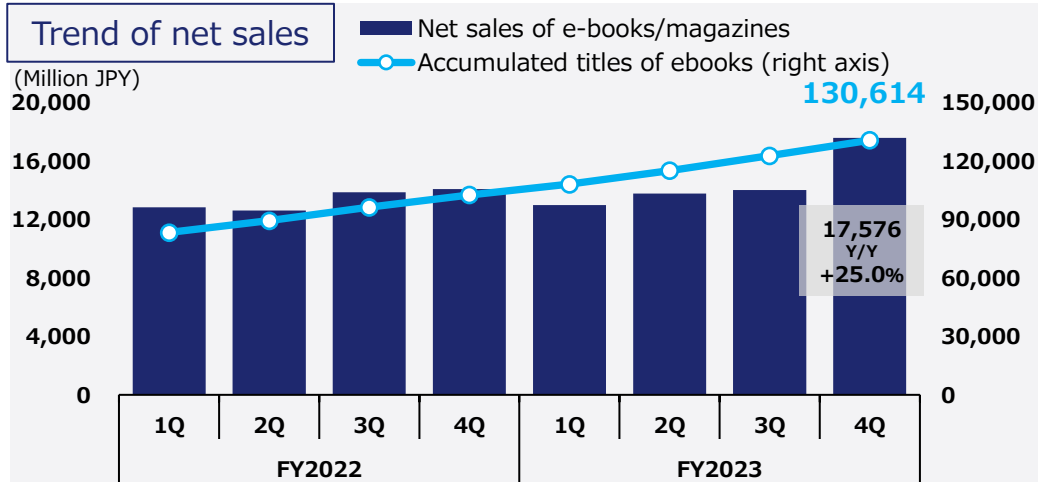
Villainess Level 99:
I May Be the Hidden Boss
But I'm Not the Demon Lord

©nocomi ©Satori Tanabata ©Tea

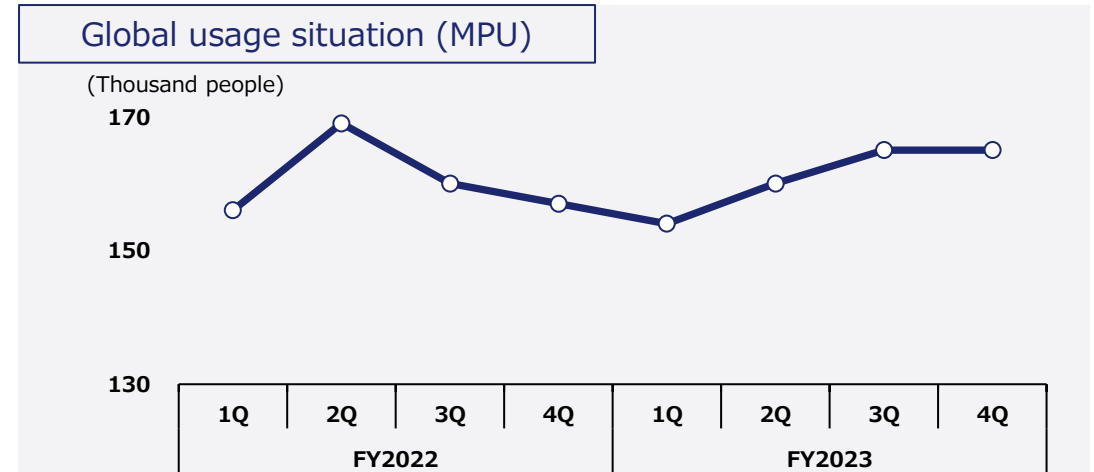
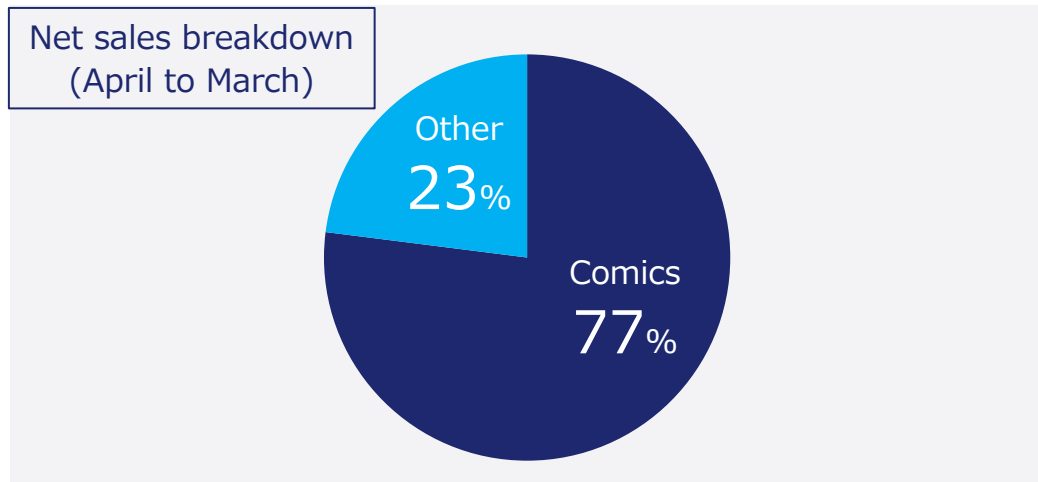
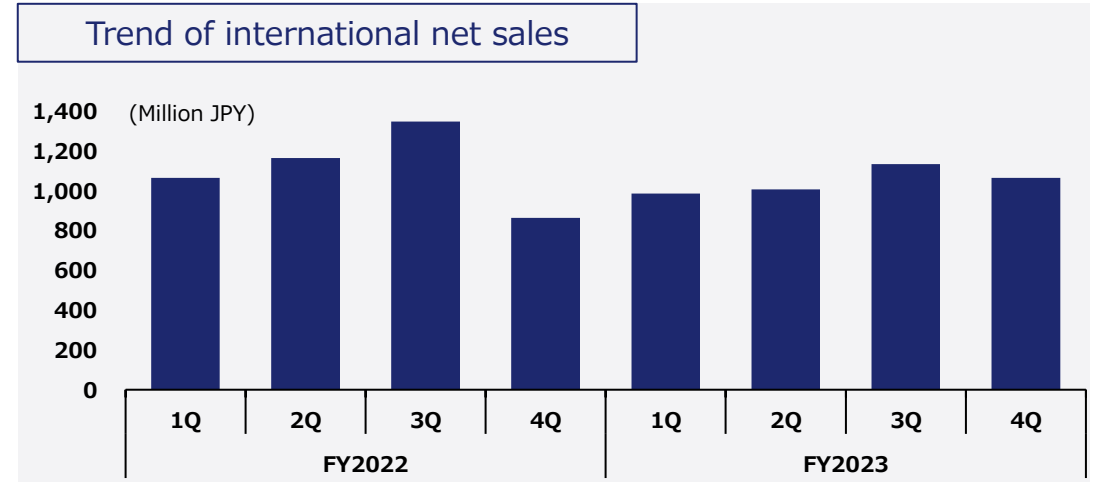


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E-books/magazines



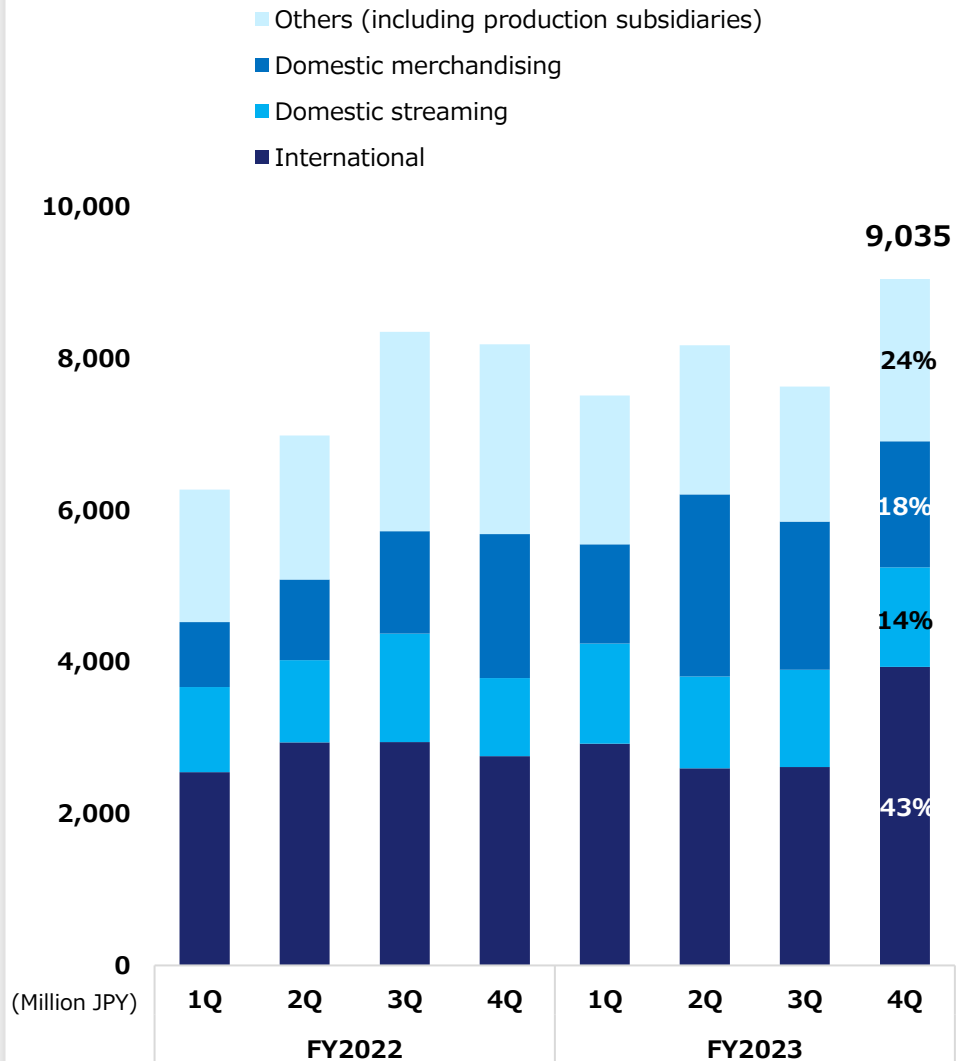
*Accumulated titles of ebooks include the number of distribution by chapter



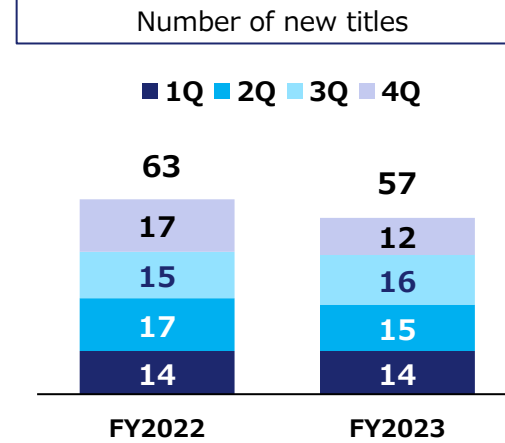
*MPU(Monthly Paid User)

Animation/Film Segment

Net sales of animation business

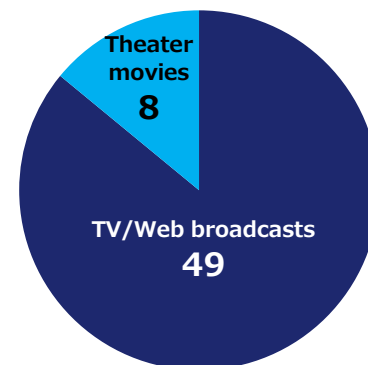


The number of animation titles

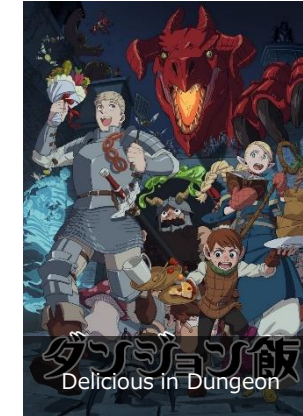


*Number of titles including minor investment

Breakdown by media in Apr. to Mar.



Titles contributing to sales



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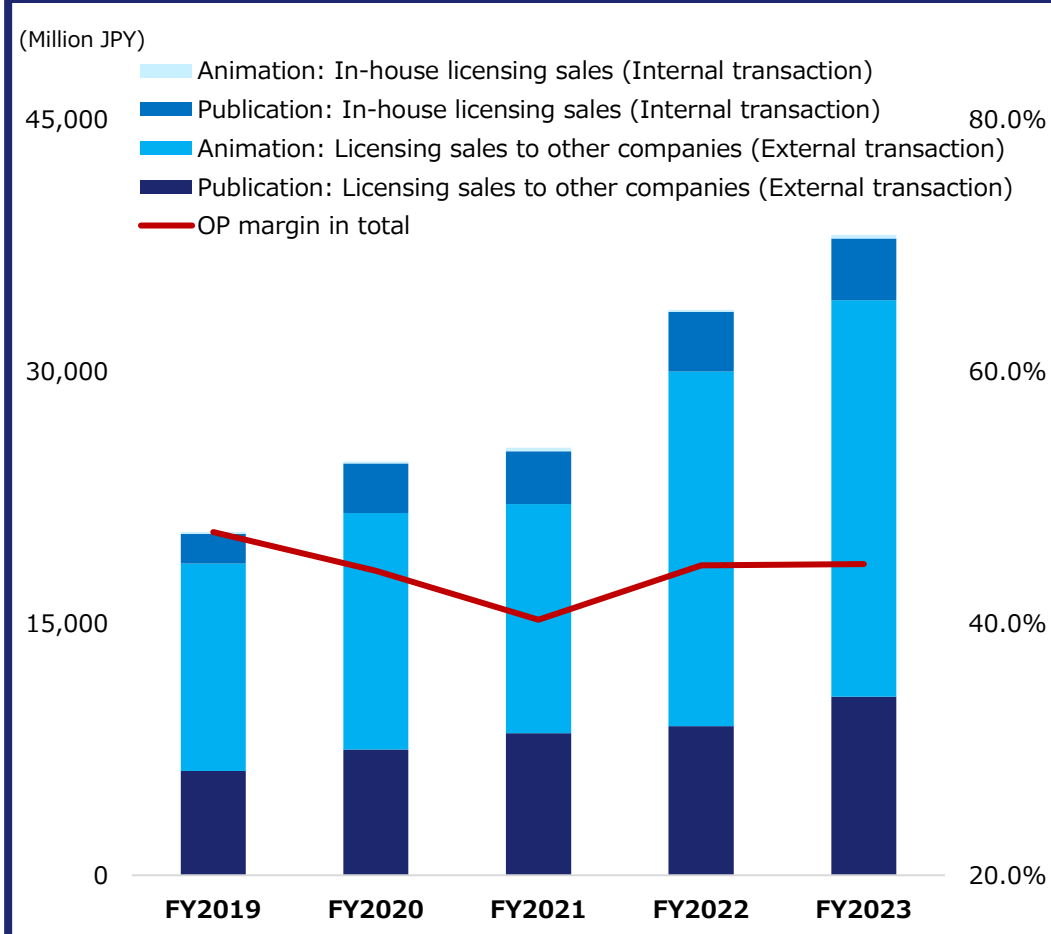
©2024 "MATCHED" Film Partners



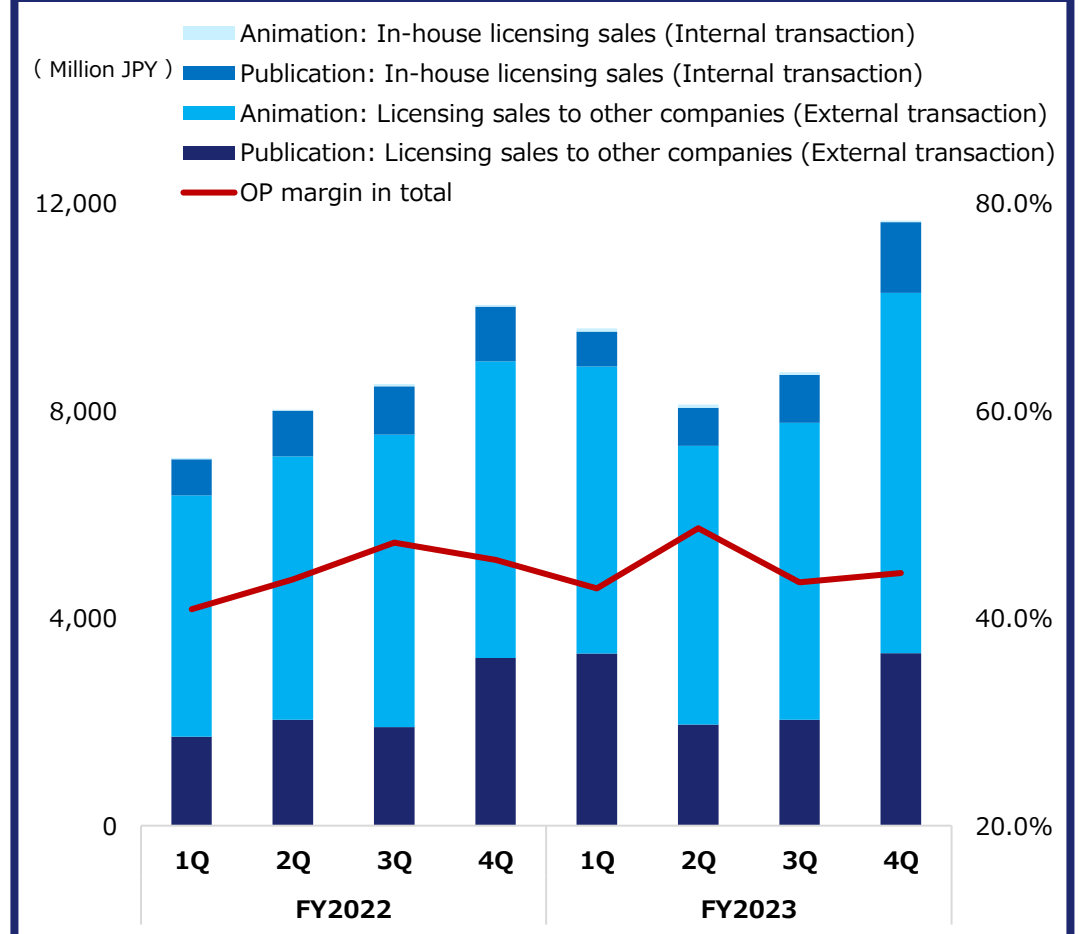
©2024 Let's go Karaoke!! Film Partners

Sales and Operating Margin of Rights-Licensing in Publication and Animation Businesses (KADOKAWA Non-consolidated)

Yearly basis



Quarterly basis



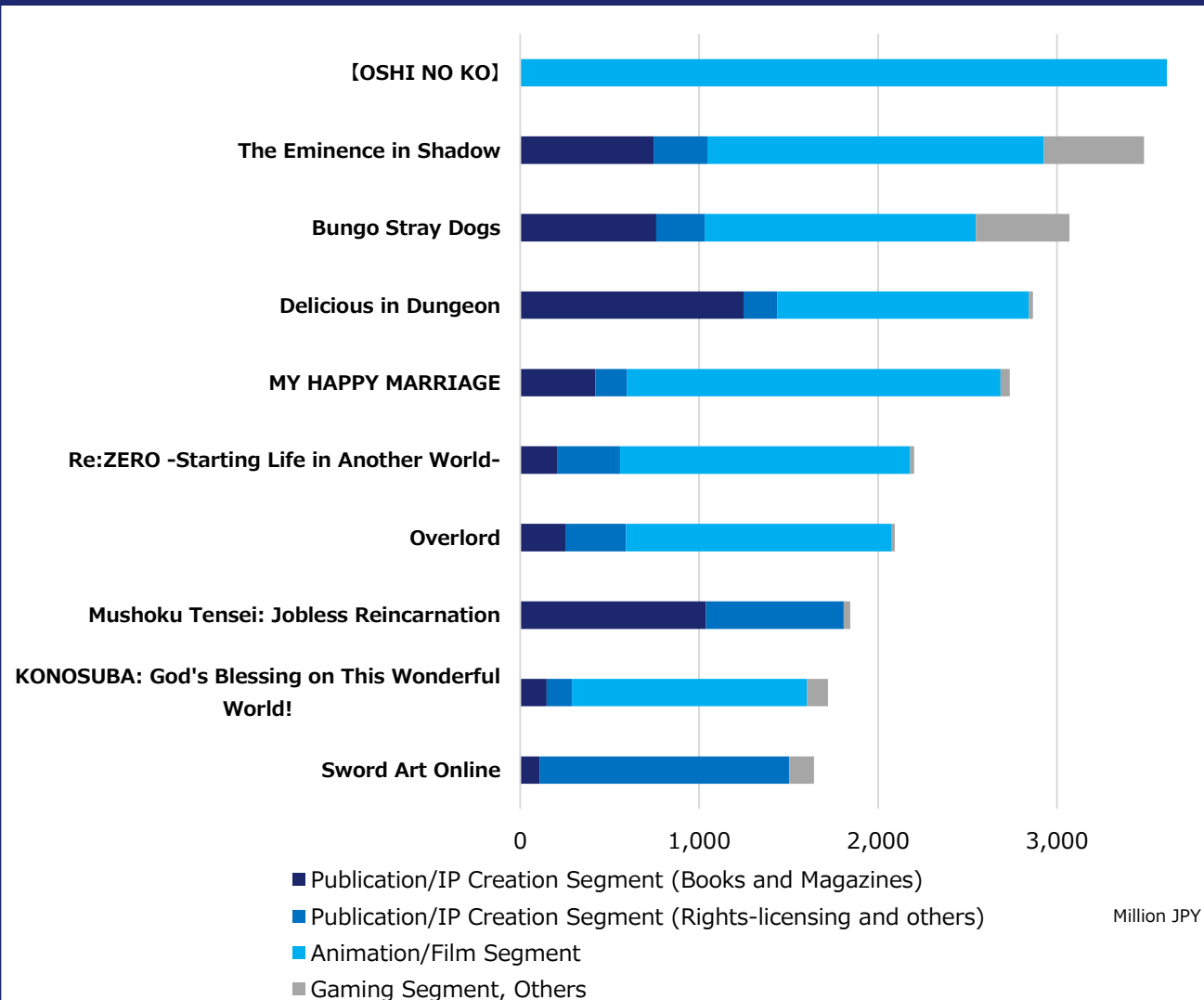
*The operating margin related to rights licensing sales is a managerial accounting figure estimated based on certain definitions. This figure is higher than actual because many expenses are not taken into account, such as costs related to IP creation and costs from back-office departments.

*Starting this this disclosure, distribution revenue from animation will also be included in the scope of calculation

Net Sales of the Top Ten Best-Selling Titles

(including sales from rights licensing, KADOKAWA Non-consolidated)

FY2023 Full-year



Publication/IP Creation

*Applies to entire series from starting year of publication to the latest release

Rank	Title Name (Series)	Year First Published
1	Mushoku Tensei: Jobless Reincarnation	2014
2	Pan Dorobou	2020
3	Sword Art Online	2009
4	Delicious in Dungeon	2015
5	The Eminence in Shadow	2018
6	Bungo Stray Dogs	2013
7	My Love Story with Yamada-kun at Lv999	2020
8	A Certain Scientific Railgun	2007
9	KADOKAWA Manga Gakushu Series	2015
10	MY HAPPY MARRIAGE	2019

Animation/Film

* Applies to all titles from starting year of broadcast to the latest airing

Rank	Title Name (Series)	Year First Aired
1	[OSHI NO KO]	2023
2	MY HAPPY MARRIAGE	2023
3	The Eminence in Shadow	2022
4	Re:ZERO -Starting Life in Another World-	2016
5	Bungo Stray Dogs	2016
6	Overlord	2015
7	Delicious in Dungeon	2023
8	KONOSUBA: God's Blessing on This Wonderful World!	2016
9	The Rising of the Shield Hero	2019
10	Ishura	2024

Eagerly Awaited Upcoming Titles (1Q)

Books



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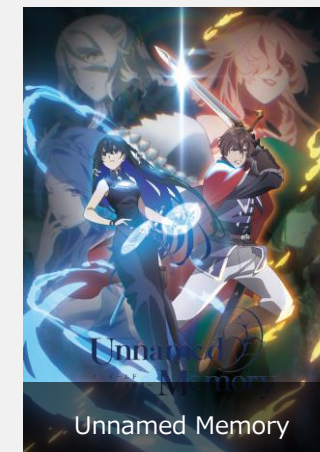


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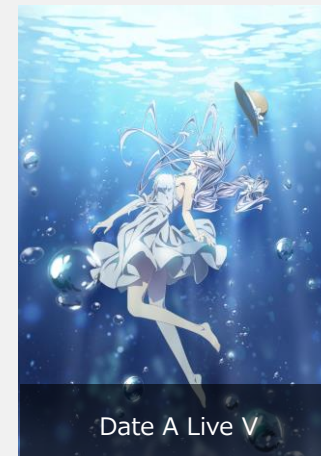
Animation



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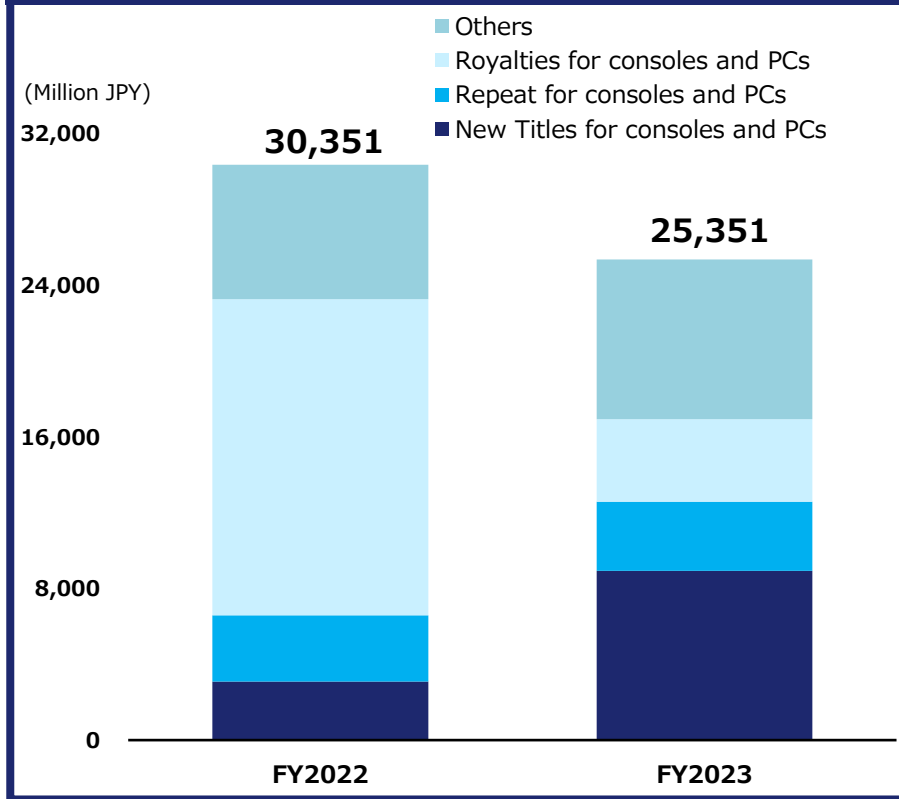
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Gaming Segment

Trend of sales of Gaming segment



	FY2022	FY2023
Number of newly released titles for consoles and PCs	4	9
Total number of copies sold (million copies)	3.50	4.75

※Total number of titles and copies sold by Group Companies themselves in any region

Titles contributing to sales



ARMORED CORE VI FIRES OF RUBICON

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ELDEN RING

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Master Detective Archives: RAIN CODE

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Shiren the Wanderer 6

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Eagerly Awaited Upcoming Titles



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**Downloadable Content
"SHADOW OF THE ERDTREE"
for "ELDEN RING"**

Release Date : June 21, 2024

Niconico-Related Business



Niconico user data

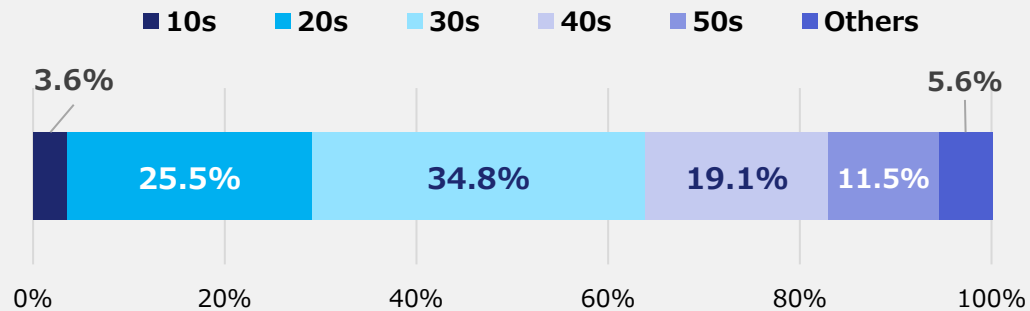
*As of March 31, 2024

Regular members (Million) **98.78**

Premium members (Million) **1.17**

Age

*As of March 31, 2024



Niconico Chokaigi 2024

Visitors (Thousand) **125**

Niconico Channel user data

*As of March 31, 2024

Number of channels **11,195**

Number of channels with monthly fee **2,324**

Dues-paied members (Million) **1.25**

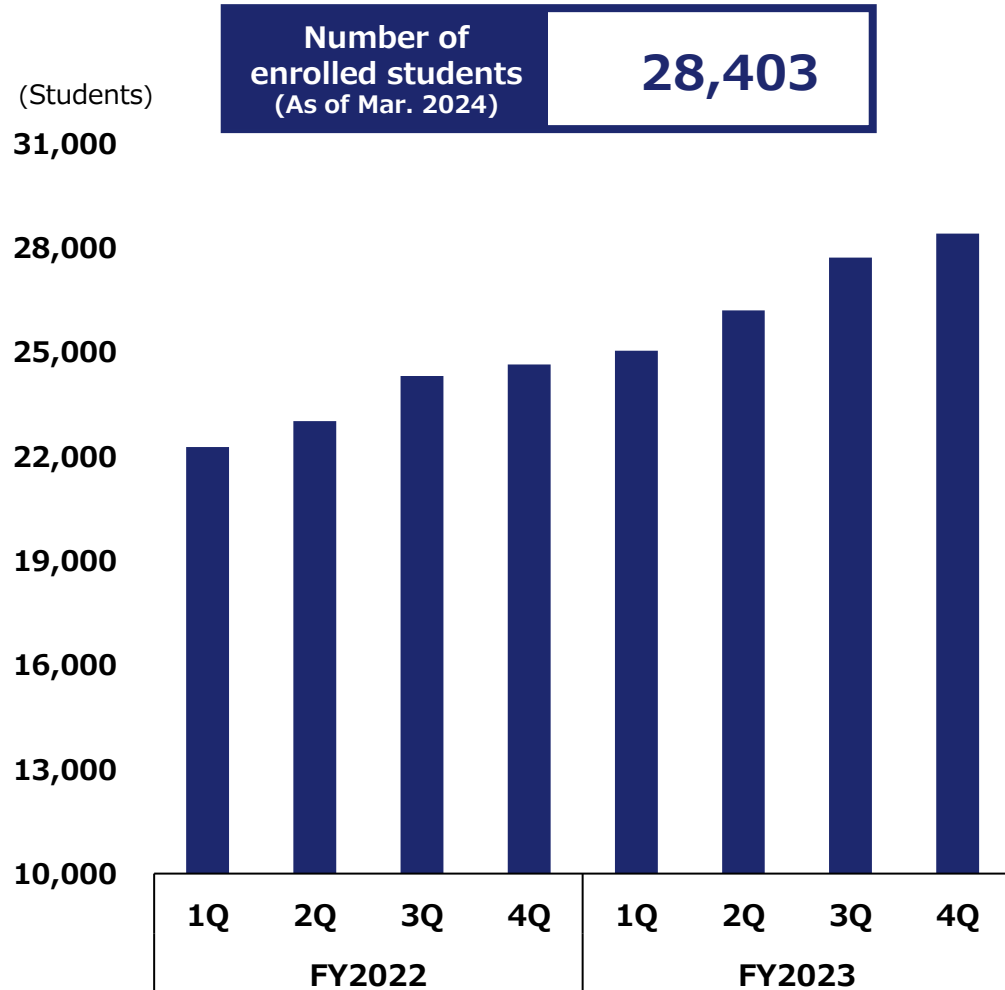
Niconico usage data

*Average of January to March 2024

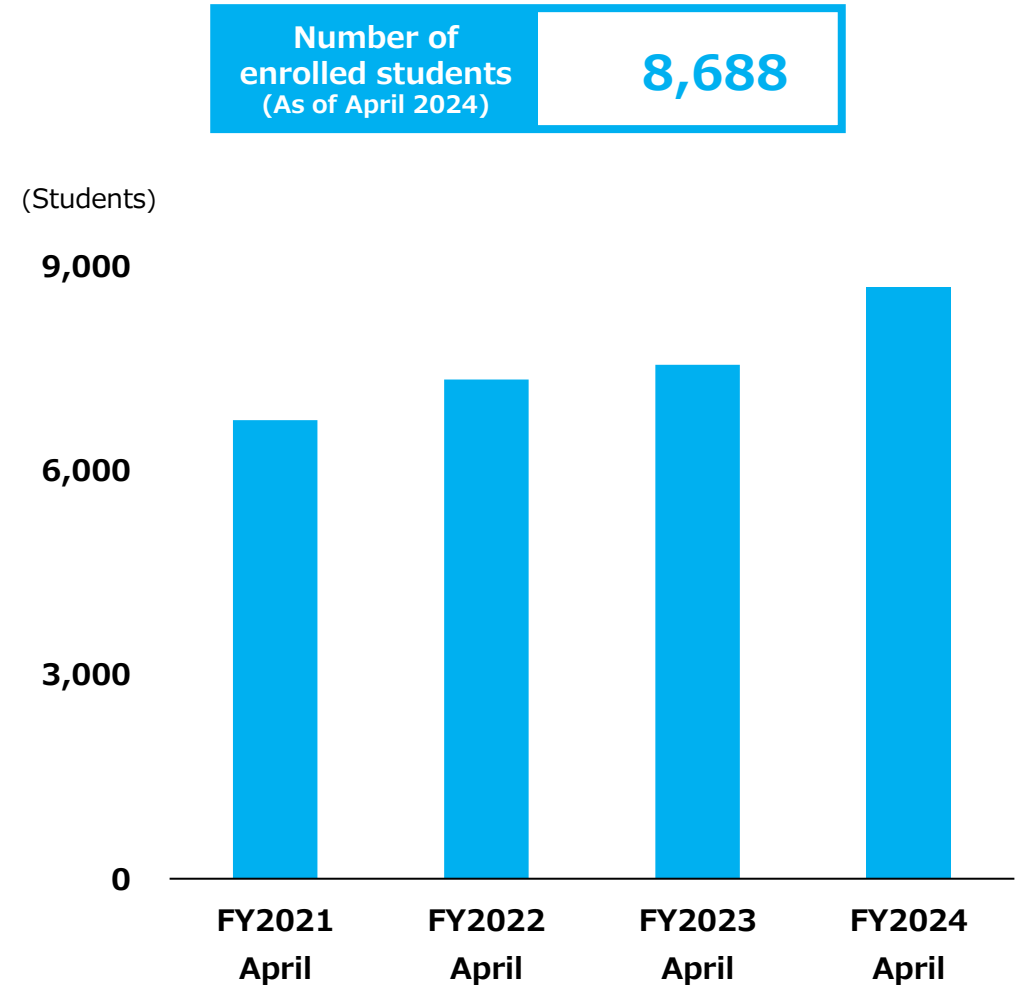
	MAU (Million)	DAU (Million)
Logged In Unique Users + Unique Video Viewers Not Logged In	13.09	1.67
Logged In Unique Users	4.55	1.25
Google Analytics-based Unique Users	25.91	2.09

Education/EdTech Segment

Trend of Number of N & S High School Students

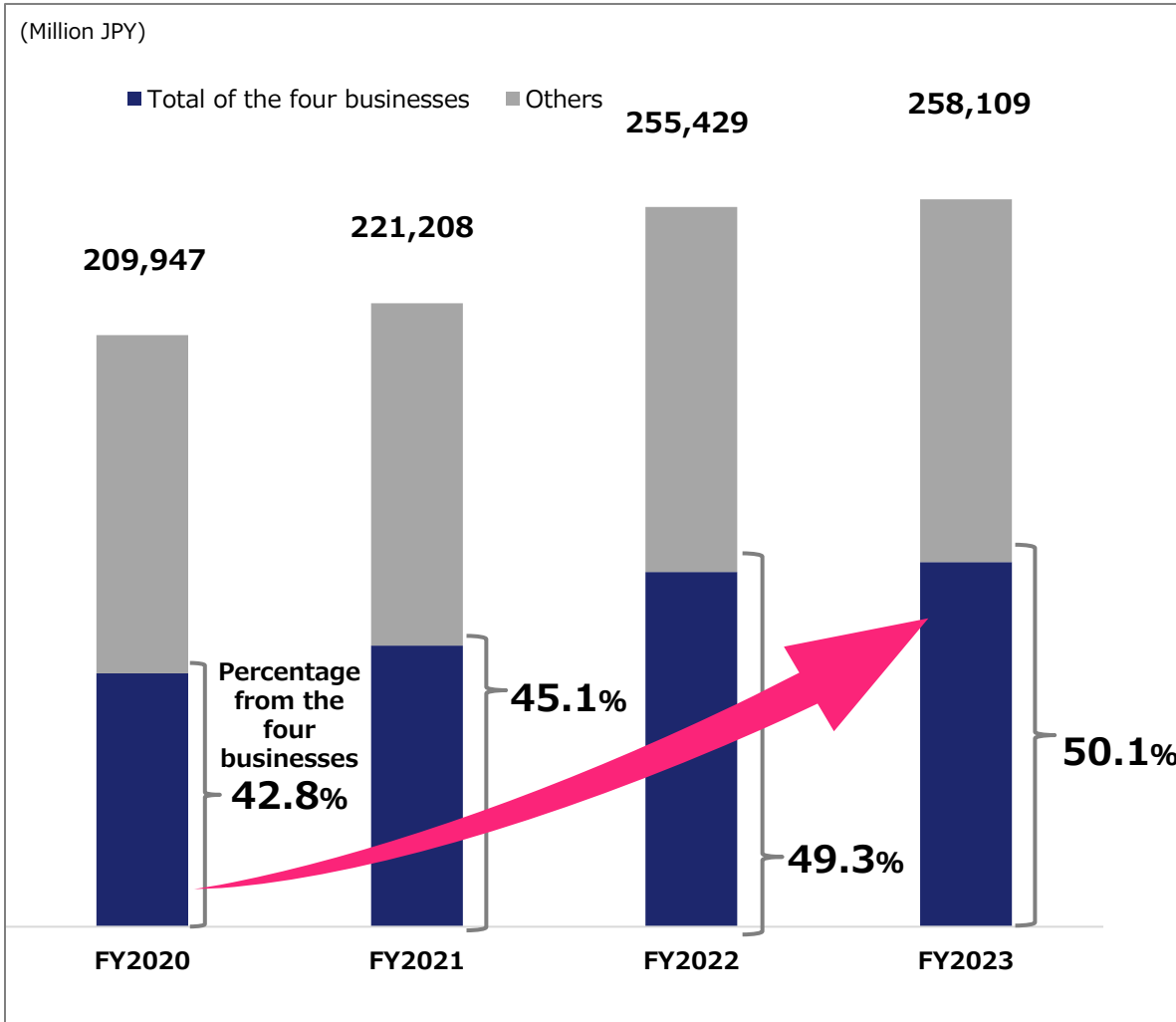


Trend of Number of Vantan Students

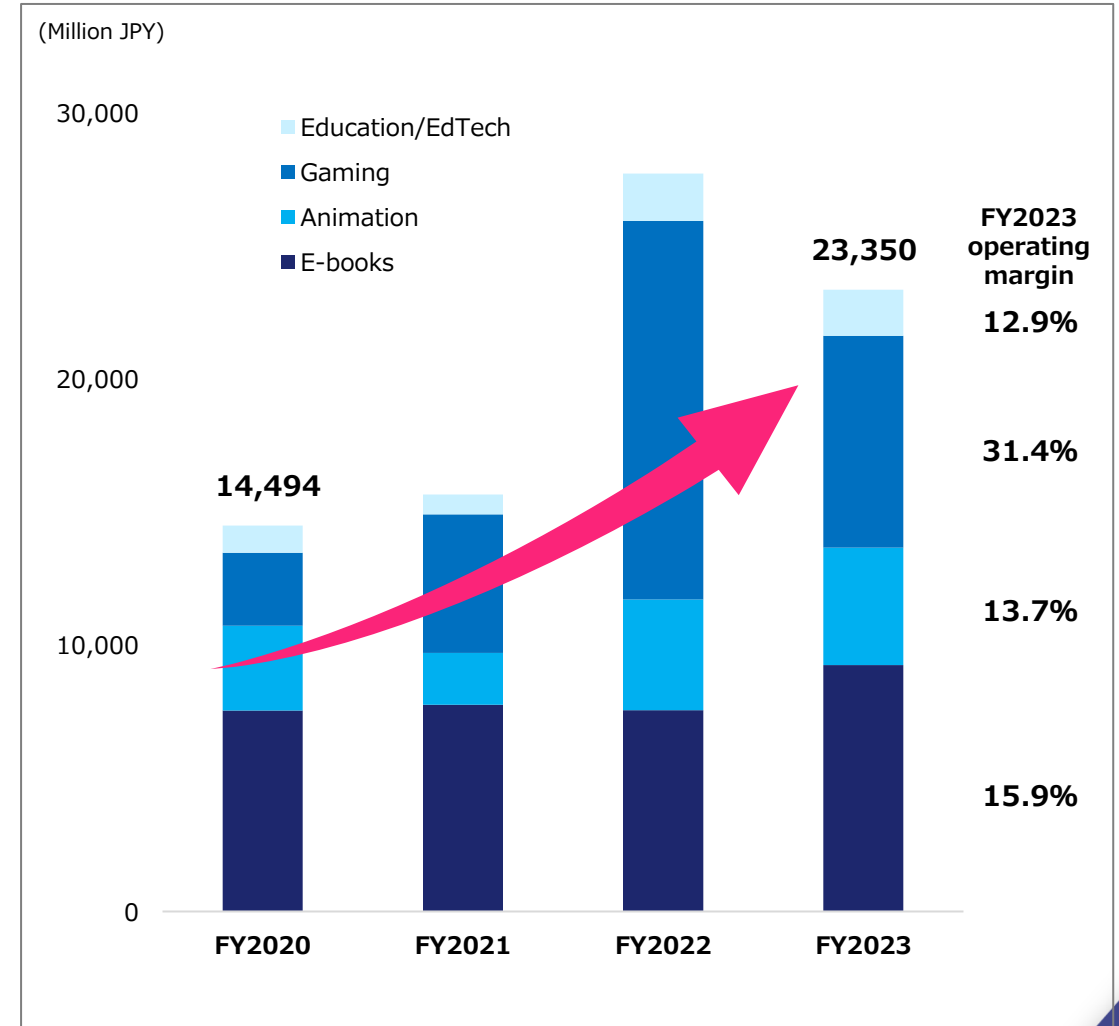


Trend of Net Sales and Operating Profit in Growing Areas

- Total net sales CAGR of the four businesses that are growing areas (e-books, animation, Gaming and Education/EdTech) is 12.9% for the period since FY2020, and the percentage of the total net sales CAGR that is from these four businesses has been increasing year by year.

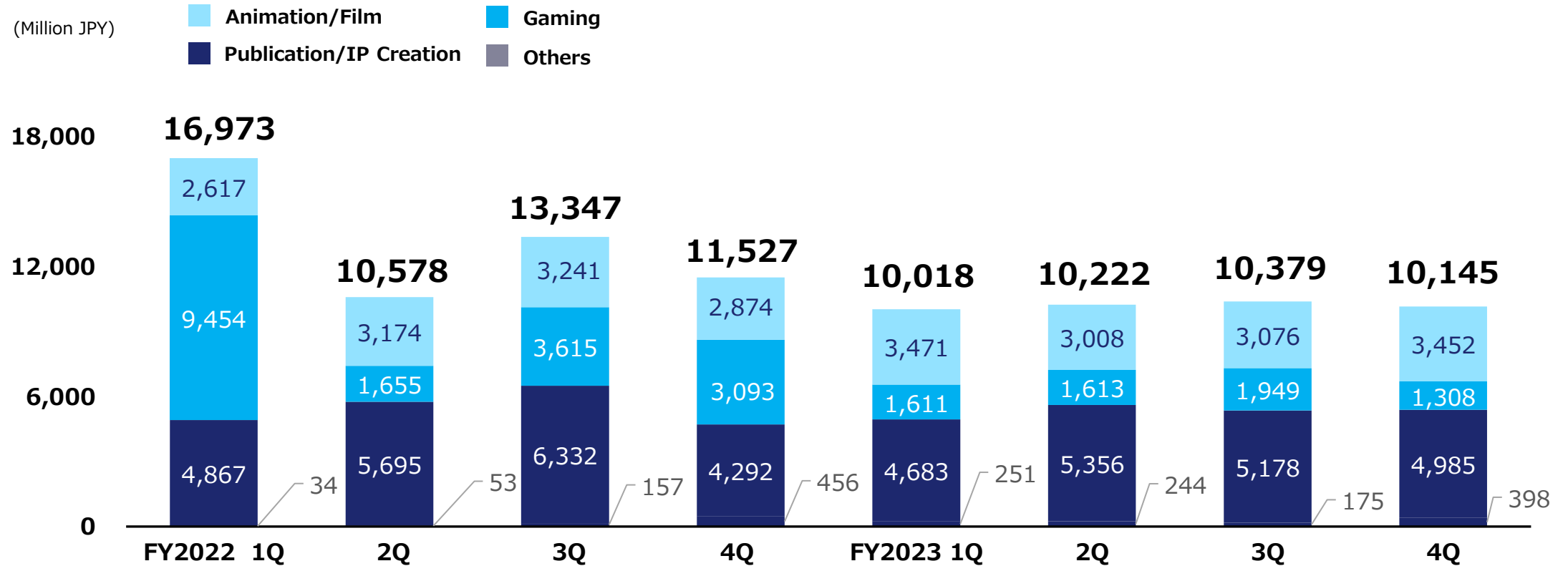


- Total operating profit CAGR of the four businesses that are growing areas is 17.2% for the period since FY2020, and operating margin for FY2023 was 18.0%.



International Net Sales

Breakdown of International Net Sales by Segment



Breakdown by Region	Americas	64.0%	58.6%	63.1%	54.7%	58.6%	56.2%	51.3%	51.6%
	Asia	22.2%	32.8%	26.3%	31.0%	32.6%	34.7%	37.9%	40.3%
	Others	13.8%	8.6%	10.6%	14.3%	8.8%	9.1%	10.8%	8.1%

* Business results for international subsidiaries are reflected in KADOKAWA's consolidated financial results on a three-month delay.

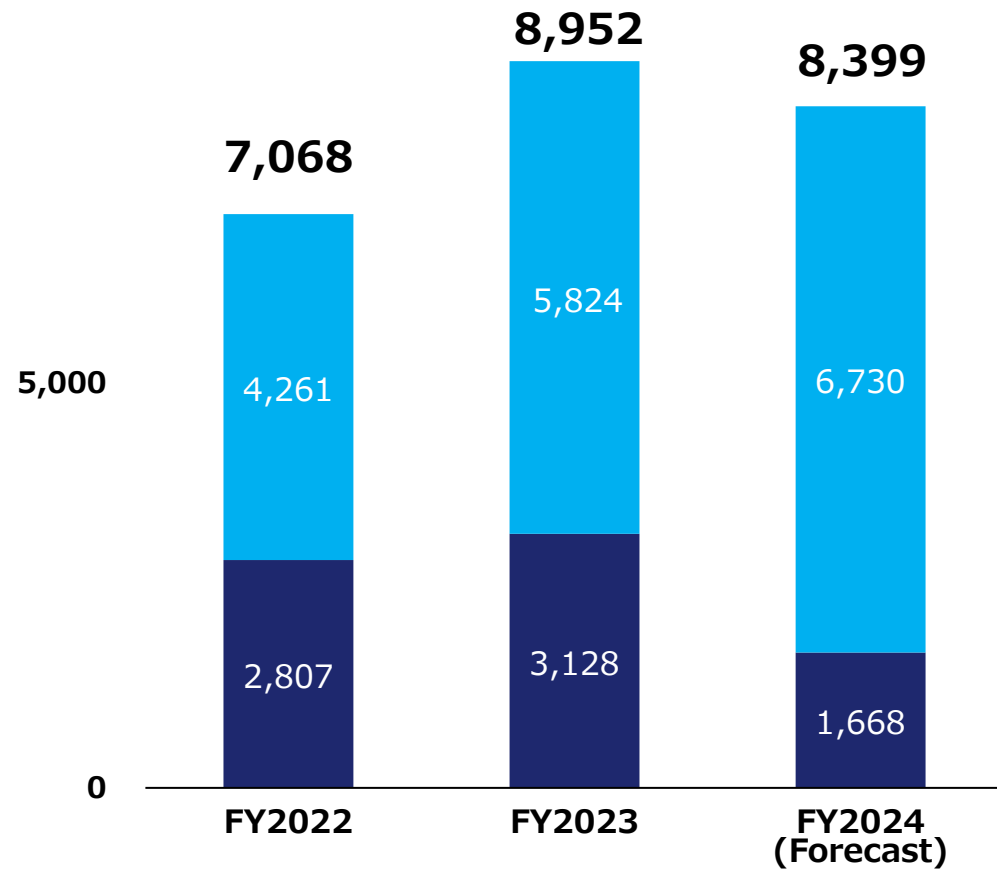
Capital Investment and Depreciation

Capital Investment*

(Million JPY)

10,000

- Purchase of intangible assets
- Purchase of property, plant and equipment



Depreciation

(Million JPY)

9,000

8,000

7,000

6,000

5,000

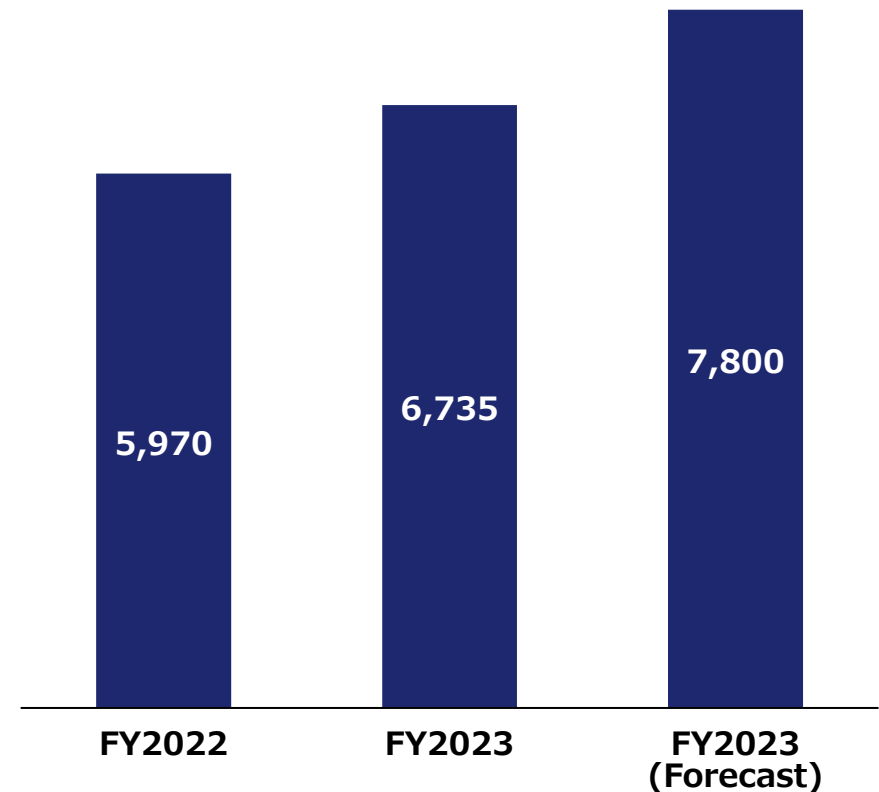
4,000

3,000

2,000

1,000

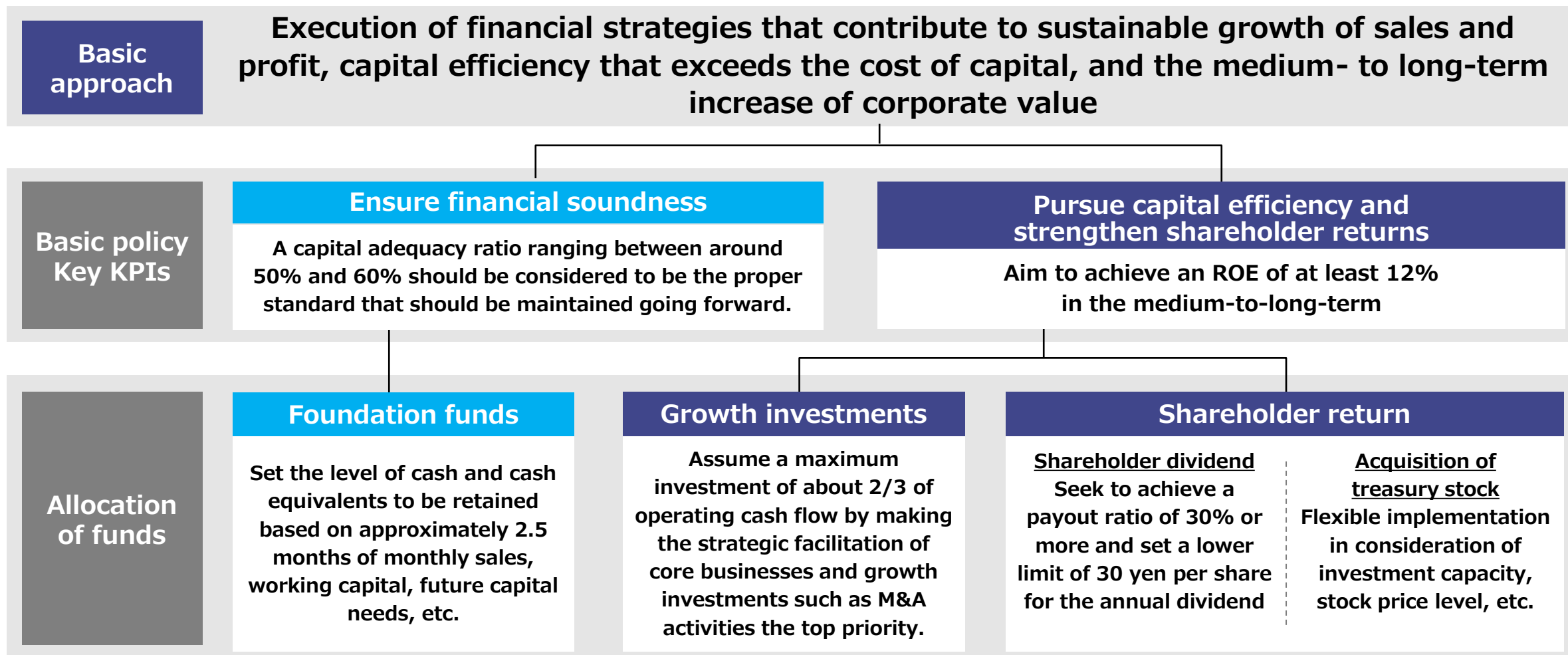
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*"Capital investment" is a cash-based amount. It is the total of "purchase of property, plant and equipment" and "purchase of intangible assets" listed in the consolidated statement of cash flows, and includes consideration for non-current assets acquired in the previous fiscal year (Fiscal Year n-1) for which expenditures were made in the current fiscal year (Fiscal Year n).

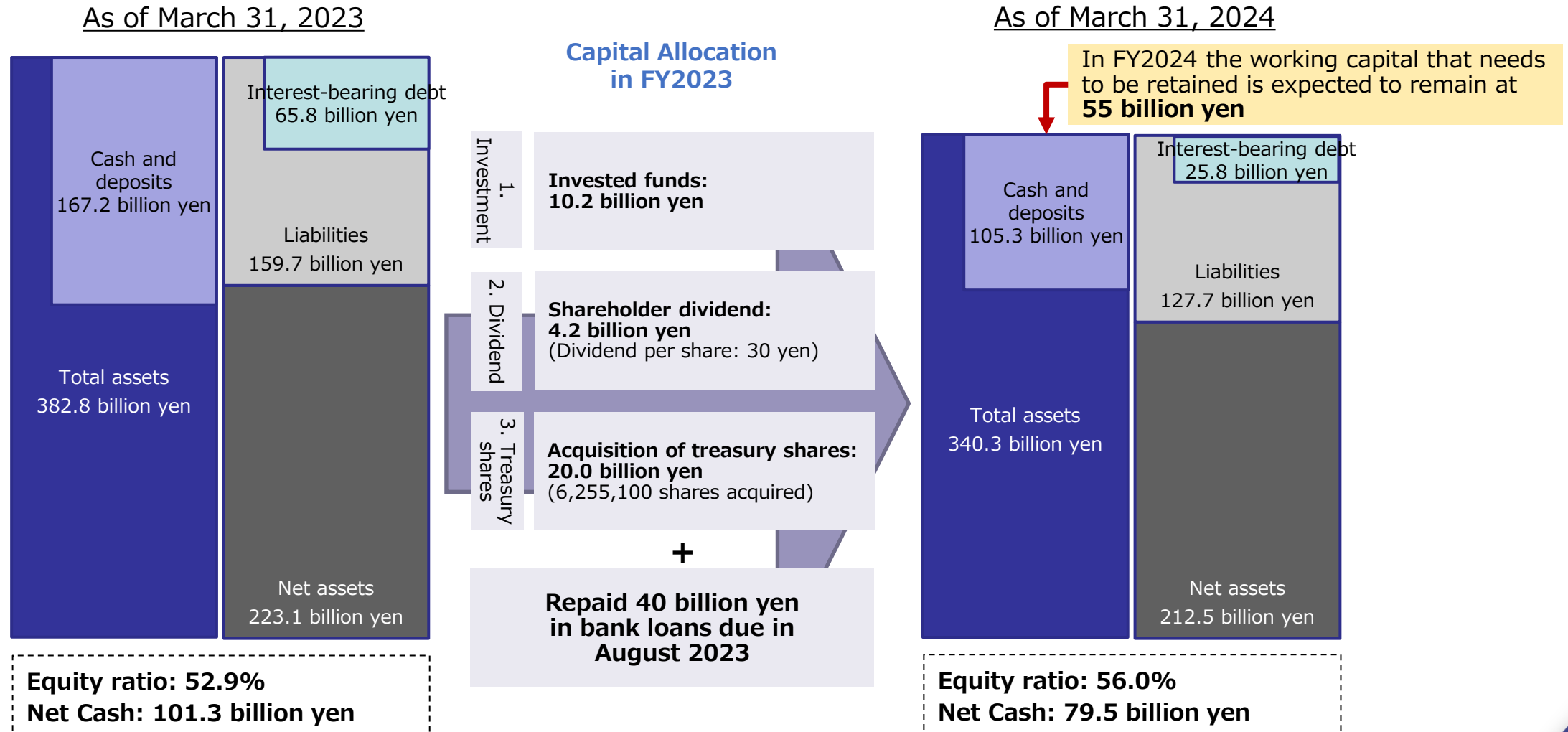
(Repost) Basic Finance Policy

- In terms of KPIs for our basic policy, the ROE target is at least 12%. We specify a range to indicate the upper and lower limits of the capital adequacy ratio and seek to **achieve the compatibility of ensuring financial soundness and the pursuit of capital efficiency**
- Again, clearly state that an annual dividend of 30 yen per share will certainly be paid to shareholders.



Balance Sheet Situation

- Although the balance of cash and deposits decreased due to the repayment of long-term bank loans worth 40 billion yen and the acquisition of treasury shares worth 20.0 billion yen, we have continued to maintain a sound financial base and continue to have adequate borrowing capacity.



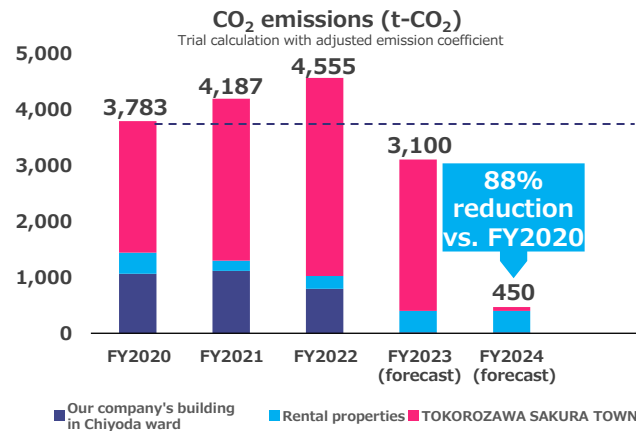
Reducing green house gas emissions

Expanded initiatives to achieve net-zero CO₂ emissions

- The target of reducing greenhouse gas (GHG) emissions by 50% by FY2030 is expected to be achieved during FY2024, earlier than planned.
- Expanded initiatives to achieve net-zero GHG emissions Groupwide
- At KADOKAWA DAIEI STUDIO CO., LTD., all electricity is effectively sourced from renewable energy at the Chofu Studio

▶ KADOKAWA's GHG emissions

- The electricity used in our company's building in Tokyo's Chiyoda ward (transitioned January 2023) and TOKOROZAWA SAKURA TOWN (transitioned December 2023) has been effectively transitioned to renewable energy, with a 88% reduction in GHG emissions to be achieved in FY2024



▲ All of the electricity used at the Chofu Studio has been switched to electricity sourced from renewable energy (March 2024)

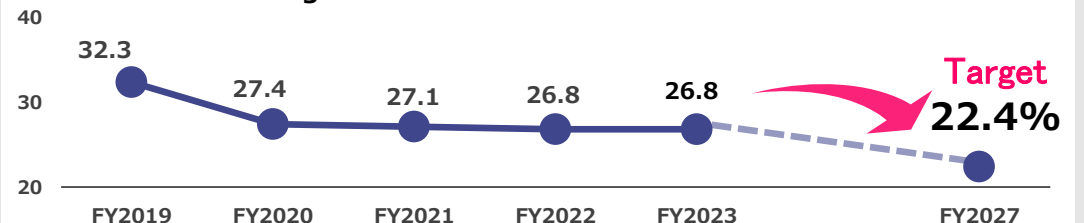
Streamlining paper consumption

Reduction in paper consumption due to publication DX promotion

- Digital manufacturing and logistics system in TOKOROZAWA SAKURA TOWN
Full-scale operation was started in FY2023 to achieve the Mid-term Management Plan
 - Shift book production from forecast-based production to on-demand production
 - Improve the accuracy of book distribution and shipment and automate the replenishment of store inventories
 - Aim to develop industry infrastructure to maintain the distribution of printed publications
- Reduce person-hours for content editing work and reduce paper usage through digitalization
- Continue to invest in systems that cater to further increases in demand for digital content



▶ Change in the return rate of KADOKAWA Group paper-based books over time and target



Q1 Regarding the results for the year ended March 31, 2024, what is the reason for the uptick in profit from the revised forecast that was made on February 8?

A This is mainly due to a change in the timing of revenue recognition to other companies' stores in Japan in the e-books business and a new title that sold more than expected in the Gaming Segment. Additionally, the Company recorded foreign exchange gains from the depreciation of the yen as non-operating income and a gain on sales of investment securities associated with the partial sale of our cross-shareholdings as extraordinary income.

Q2 What were the changes of revenue recognition timing for domestic sales at store of other companies in the e-book business?

A Domestic sales from stores of other companies was previously recorded based on final reports received from each store, but starting from the fourth quarter of the fiscal year ended March 31, 2024, we changed to recording estimates based on preliminary data received from some stores of other companies.
As a result, some sales from stores of other companies in the fourth quarter of the fiscal year ended March 31, 2024 included estimated sales that traditionally would have been reported in subsequent but whose reporting was brought forward.

Q3 What was the impact of foreign exchange rates from April to March, and January to March in the fiscal year ending March 31, 2024? Additionally, what was the growth rate for sales and operating profit excluding the foreign exchange impact?

A The growth rate of sales excluding the impact of foreign exchange (approximately +2 billion JPY) was approximately +0.3% in the April to March period. In the January to March period, the growth rate of sales excluding the impact of foreign exchange (approximately +1.6 billion JPY) was approximately +5.8%(there is a greater impact due to changes to the foreign exchange rules applied).
As sales from rights licensing (royalties) accounts for a certain percentage of international sales, we believe that costs affected by foreign exchange rates are limited, but since it is difficult to identify these costs accurately, we have not estimated their impact on profit.

Q4

Regarding the e-book business in the year ended March 31, 2024, while the growth rate excluding one-off impacts due to the changes of revenue recognition timing was +5.8%, why was the growth rate on a distribution value basis +10% for company-owned stores and +12.1% for stores of other companies?

A

Consolidated e-book sales includes results from overseas subsidiaries as well as the e-magazine business. The main reasons for the difference are that sales declined in overseas subsidiaries, and that sales also declined in the e-magazine business. In addition to this, the increase in coin redemptions (sales deductions) for users at domestic company-owned stores also had an impact.

Q5

For sales amounts of e-books from April to March, and from January to March, what was the ratio of sales from the Company's own store to those of other companies, and what were the growth rates of each?

A

The ratio of sales at the Company's own stores (BOOK☆WALKER) to stores of other companies was 1:4, and the growth rates are 8.7% (BOOK☆WALKER) and 17.3% (other companies' stores) from April to March. From January to March, the ratio of sales was 1:5, and the growth rates of them are 4.4% and 39.9% each.

Q6

From April to March, what were the shares and growth rates for paper-based books and information media sales by genre?

A

Share by genre: Comics 30%, general books and pocket editions 26%, light novels 14%, paperback books 10%, children's books 10%, magazines 10%
Growth rate by genre: comics -3%, general books and pocket editions +17%, light novels -22%, paperback books -10%, children's books -8%, magazines -23%. (KADOKAWA non-consolidated basis)

Q7

What percentage of book shipments are new publications released from April to March?

A

Of shipments of paper-based books, approximately 50% were from publications released in the current fiscal year.

Q8

What were the ratio of paper-based books and e-books in the international sales of the Publication/IP Creation Segment from April to March?

A

Sales of paper-based books were approximately 80% and sales of e-books were approximately 20% of the total international sales of the publication segment.

Q9

From April to March, what were the sales shares of the top 10 best sellers in the Publication/IP Creation Segment and the Animation/Film Segment?

A

The shares for the top 10 best sellers consisted of 8% in the Publication/IP Creation Segment and 36% in the Animation/Film Segment.

Q10

What is the development status of DLC for ELDEN RING and when will it be released?

A

We are currently working hard on the development of DLC "*SHADOW OF THE ERDTREE*" for *ELDEN RING* and it will be released on June 21, 2024.

Q11 What is your forecast for sales and number of copies shipped for *ELDEN RING* DLC in the year ending March 31, 2025?

A We do not disclose forecasts regarding sales or number of copies sold for individual titles.

Q12 What are Tokorozawa project's depreciation for the fiscal year ended March 31, 2024 and in the future? (Digital manufacturing plants, new logistics facilities, IP experiential facilities, office etc.)

A Depreciation of the project is expected to be 2.1 billion yen for the fiscal year ended March 31, 2024, 2.0 billion yen for the fiscal year ending March 31, 2025 and 2.0-2.2 billion yen in the fiscal year ending March 31, 2026 and subsequent years. Note that these monetary figures reflect the impact of the impairment loss associated with partial business restructuring in the commercial facility business that was carried out in the fourth quarter of the year ended March 31, 2024.

Q13 What is the operational status of the digital manufacturing plant and logistics facilities?

A To further reduce returns and manufacturing costs and increase profitability, the Company has started the operation of its digital manufacturing plant that flexibly manufactures publications in small quantities using digital printing technology and the new logistics facilities. We will strive to improve the operating rates of each facility going forward, and aim to achieve a return rate of 22.4% (down from 26.8% in the fiscal year ended March 31, 2024) by the fiscal year ending March 31, 2028.



KADOKAWA

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